

STATE OF MINNESOTA

EIGHTY-FIFTH SESSION — 2007

SEVENTIETH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MAY 16, 2007

The House of Representatives convened at 9:00 a.m. and was called to order by Margaret Anderson Kelliher, Speaker of the House.

Prayer was offered by Pastor Larry Gedde, Abiding Savior Lutheran Church, Mounds View, Minnesota.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abeler	Dill	Hilstrom	Lieder	Ozment	Sviggum
Anderson, B.	Dittrich	Hilty	Lillie	Paulsen	Swails
Anderson, S.	Dominguez	Holberg	Loeffler	Paymar	Thao
Anzelc	Doty	Hoppe	Madore	Pelowski	Thissen
Atkins	Eastlund	Hornstein	Magnus	Peppin	Tillberry
Beard	Eken	Hortman	Mahoney	Peterson, A.	Tingelstad
Benson	Emmer	Hosch	Mariani	Peterson, N.	Tschumper
Berns	Erhardt	Howes	Marquart	Peterson, S.	Urdahl
Bigham	Erickson	Huntley	Masin	Poppe	Wagenius
Bly	Faust	Jaros	McFarlane	Rukavina	Walker
Brod	Finstad	Johnson	McNamara	Ruth	Ward
Brown	Fritz	Juhnke	Moe	Ruud	Wardlow
Brynaert	Gardner	Kahn	Morgan	Sailer	Welti
Buesgens	Garofalo	Kalin	Morrow	Scalze	Westrom
Bunn	Gottwalt	Knuth	Mullery	Seifert	Winkler
Carlson	Greiling	Koenen	Murphy, E.	Sertich	Wollschlager
Clark	Gunther	Kohls	Murphy, M.	Shimanski	Zellers
Cornish	Hackbarth	Kranz	Nelson	Simon	Spk. Kelliher
Davnie	Hamilton	Laine	Nornes	Simpson	
Dean	Hansen	Lanning	Norton	Slawik	
DeLaForest	Hausman	Lenczewski	Olin	Slocum	
Demmer	Haws	Lesch	Olson	Smith	
Dettmer	Heidgerken	Liebling	Otremba	Solberg	

A quorum was present.

Severson was excused until 7:35 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Anderson, B., moved that further reading of the Journal be suspended- and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

Sertich moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Thissen.

Scalze was excused between the hours of 12:45 p.m. and 10:20 p.m.

PETITIONS AND COMMUNICATIONS

The following communication was received:

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2007 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S. F. No.</i>	<i>H. F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 2007</i>	<i>Date Filed 2007</i>
1705		66	4:53 p.m. May 14	May 14
2030		67	4:58 p.m. May 14	May 14
1902		68	5:04 p.m. May 14	May 14
322		69	5:05 p.m. May 14	May 14
1509		70	5:07 p.m. May 14	May 14
744		72	5:09 p.m. May 14	May 14
2161		73	5:11 p.m. May 14	May 14
988		74	5:14 p.m. May 14	May 14
1557		76	5:16 p.m. May 14	May 14

Sincerely,

MARK RITCHIE
Secretary of State

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Gunther; Kelliher; Dill; Heidgerken; Finstad; Magnus; Moe; Hamilton; Sertich; Cornish; Juhnke; McNamara; Mahoney; Lanning; Jaros; McFarlane; Rukavina; Eastlund; Hansen; Anderson, B.; Thissen; Wardlow; Atkins; Shimanski; Peterson, A.; Beard; Thao; Severson; Anzelc; DeLaForest; Hilstrom; Ozment; Koenen; Huntley and Hornstein introduced:

H. F. No. 2490, A bill for an act relating to state government; providing that the Compensation Council establishes salaries for legislators, judges, and constitutional officers; amending Minnesota Statutes 2006, section 15A.082.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

Koenen, Tingelstad, Otremba, Juhnke, Severson, Haws, Hosch, Wardlow, Dettmer, Wollschlager, Doty, Slawik, Dominguez, Bigham and Olson introduced:

H. F. No. 2491, A bill for an act relating to powers of attorney; creating an alternative statutory short form for military members who are in active service; amending Minnesota Statutes 2006, sections 523.02; 523.131; 523.16; 523.20; 523.21; 523.23, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 523.

The bill was read for the first time and referred to the Committee on Agriculture, Rural Economies and Veterans Affairs.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1048, A bill for an act relating to state government; changing the state Indian Affairs Council; amending Minnesota Statutes 2006, section 3.922.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Lourey, Torres Ray and Dille.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

COLLEEN PACHECO, Second Assistant Secretary of the Senate

Hilty moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1048. The motion prevailed.

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1302, A bill for an act relating to metropolitan government; modifying provisions governing metropolitan livable communities fund; authorizing the creation of a nonprofit organization; authorizing the use of funds to establish the foundation; requiring a report; authorizing a transfer of funds between metropolitan livable communities fund accounts; authorizing a onetime transfer from the livable communities demonstration account for local planning assistance grants and loans.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Pappas, Rest and Robling.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

COLLEEN PACHECO, Second Assistant Secretary of the Senate

Hilstrom moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1302. The motion prevailed.

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1724, A bill for an act relating to human services; making changes to licensing provisions; modifying data practices, program administration, disaster plans, education programs, conditional license provisions, suspensions, sanctions, and contested case hearings, child care center training, family child care training requirements, vulnerable adults, maltreatment of minors, background studies, disqualifications, reconsiderations, disqualification set-asides, fair hearings, appeals, changing definitions of neglect and physical abuse; amending Minnesota Statutes 2006, sections 13.46, subdivisions 2, 4; 245A.03, subdivision 2; 245A.04, subdivision 11, by adding subdivisions; 245A.06, subdivision 4; 245A.07, subdivisions 2a, 3, by adding a subdivision; 245A.08, subdivision 2a; 245A.10, subdivision 2; 245A.14, subdivision 8; 245A.144; 245A.1445; 245A.145, subdivision 1; 245A.18, subdivision 2; 245A.65, subdivision 1, by adding a subdivision; 245C.02, by adding a subdivision; 245C.05, subdivision 3; 245C.07; 245C.08; 245C.09, subdivision 1; 245C.11, by adding a subdivision; 245C.13, subdivision 2; 245C.14, subdivision 1; 245C.15, subdivisions 1, 2, 3, 4; 245C.16, subdivision 1; 245C.17, subdivisions 2, 3; 245C.21, subdivisions 2, 3; 245C.22, subdivisions 4, 5; 245C.24, subdivision 3; 245C.27, subdivision 1; 245C.28, subdivision 1; 245C.301; 256B.0919, by adding a subdivision; 256B.092, by adding a subdivision; 270B.14, subdivision 1; 626.556, subdivisions 2, 10e, 10i; 626.557, subdivisions 9c, 9d; 626.5572, subdivision 17; proposing coding for new law in Minnesota Statutes, chapter 245A; repealing Minnesota Statutes 2006, sections 245A.023; 245A.14, subdivisions 7, 9, 9a, 12, 13; 245C.06; Minnesota Rules, parts 9502.0385; 9503.0035.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Prettner Solon, Higgins and Fischbach.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

COLLEEN PACHECO, Second Assistant Secretary of the Senate

Lesch moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1724. The motion prevailed.

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 2226, A bill for an act relating to state government; clarifying private cemeteries; amending Minnesota Statutes 2006, section 307.08.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Vickerman, Wiger and Koering.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

COLLEEN PACHECO, Second Assistant Secretary of the Senate

Hilty moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 2226. The motion prevailed.

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 118.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. No. 118

A bill for an act relating to state government; adding legislators who represent the capitol area as nonvoting members of the Capitol Area Architectural and Planning Board; amending Minnesota Statutes 2006, section 15B.03, subdivision 1.

May 14, 2007

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 118 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 118 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2006, section 15B.03, subdivision 1, is amended to read:

Subdivision 1. **Membership.** (a) The Capitol Area Architectural and Planning Board, called the board or the CAAPB in this chapter, has ~~ten~~ 12 members.

(b) The lieutenant governor is a member.

(c) The governor must appoint four members.

(d) The mayor of St. Paul must appoint three members with the advice and consent of the city council. One of the mayor's appointees must be a resident of the planning council district that includes the Capitol Area.

(e) The speaker of the house must appoint ~~a member~~ two members of the house of representatives and the president of the senate must appoint ~~a senator~~ two senators.

(f) Each appointee must qualify by taking the oath of office.

(g) A quorum of the board is six members.

Sec. 2. **EFFECTIVE DATE.**

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; adding legislators to the Capitol Area Architectural and Planning Board; specifying a quorum; amending Minnesota Statutes 2006, section 15B.03, subdivision 1."

We request the adoption of this report and repassage of the bill.

Senate Conferees: SANDRA L. PAPPAS, JAMES P. METZEN AND DENNIS R. FREDERICKSON.

House Conferees: CARLOS MARIANI, DIANE LOEFFLER AND MARY LIZ HOLBERG.

Mariani moved that the report of the Conference Committee on S. F. No. 118 be adopted and that the bill be repassed as amended by the Conference Committee.

Lanning moved that the House refuse to adopt the Conference Committee report on S. F. No. 118, and that the bill be returned to the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Lanning motion and the roll was called. There were 58 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Abeler	DeLaForest	Gottwalt	Kohls	Olson	Sviggum
Anderson, B.	Demmer	Gunther	Lanning	Ozment	Tingelstad
Anzelc	Dettmer	Hackbarth	Lenczewski	Paulsen	Urdahl
Beard	Eastlund	Hamilton	Liebling	Peppin	Wardlow
Berns	Emmer	Heidgerken	Magnus	Peterson, N.	Welti
Bigham	Erhardt	Hoppe	Marquart	Rukavina	Westrom
Brod	Erickson	Howes	McFarlane	Ruth	Wollschlager
Buesgens	Finstad	Jaros	McNamara	Seifert	Zellers
Cornish	Fritz	Juhnke	Nornes	Shimanski	
Dean	Garofalo	Koenen	Norton	Simpson	

Those who voted in the negative were:

Anderson, S.	Doty	Huntley	Mariani	Peterson, A.	Thissen
Atkins	Eken	Johnson	Masin	Peterson, S.	Tillberry
Benson	Faust	Kahn	Moe	Poppe	Tschumper
Bly	Gardner	Kalin	Morgan	Ruud	Wagenius
Brown	Greiling	Knuth	Morrow	Sailer	Walker
Brynaert	Hansen	Kranz	Mullery	Sertich	Ward
Bunn	Hausman	Laine	Murphy, E.	Simon	Winkler
Carlson	Haws	Lesch	Murphy, M.	Slawik	Spk. Kelliher
Clark	Hilstrom	Lieder	Nelson	Slocum	
Davnie	Hilty	Lillie	Olin	Smith	
Dill	Hornstein	Loeffler	Otremba	Solberg	
Dittrich	Hortman	Madore	Paymar	Swails	
Dominguez	Hosch	Mahoney	Pelowski	Thao	

The motion did not prevail.

The question recurred on the Mariani motion that the report of the Conference Committee on S. F. No. 118 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 118, A bill for an act relating to state government; adding legislators who represent the capitol area as nonvoting members of the Capitol Area Architectural and Planning Board; amending Minnesota Statutes 2006, section 15B.03, subdivision 1.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 89 yeas and 43 nays as follows:

Those who voted in the affirmative were:

Anderson, S.	Doty	Hosch	Madore	Ozment	Smith
Anzelc	Eken	Huntley	Mahoney	Paymar	Solberg
Atkins	Erhardt	Jaros	Mariani	Pelowski	Sviggum
Benson	Faust	Johnson	Masin	Peterson, A.	Swails
Bly	Fritz	Juhnke	McFarlane	Peterson, N.	Thao
Brown	Gardner	Kahn	Moe	Peterson, S.	Thissen
Brynaert	Greiling	Kalin	Morgan	Poppe	Tillberry
Bunn	Hansen	Knuth	Morrow	Rukavina	Tschumper
Carlson	Hausman	Kranz	Mullery	Ruth	Wagenius
Clark	Haws	Laine	Murphy, E.	Ruud	Walker
Cornish	Hilstrom	Lesch	Murphy, M.	Sailer	Ward
Davnie	Hilty	Liebling	Nelson	Sertich	Winkler
Dill	Holberg	Lieder	Norton	Simon	Wollschlager
Dittrich	Hornstein	Lillie	Olin	Slawik	Spk. Kelliher
Dominguez	Hortman	Loeffler	Otremba	Slocum	

Those who voted in the negative were:

Abeler	DeLaForest	Gottwalt	Kohls	Paulsen	Welti
Anderson, B.	Demmer	Gunther	Lanning	Peppin	Westrom
Beard	Dettmer	Hackbarth	Lenczewski	Seifert	Zellers
Berns	Eastlund	Hamilton	Magnus	Shimanski	
Bigham	Emmer	Heidgerken	Marquart	Simpson	
Brod	Erickson	Hoppe	McNamara	Tingelstad	
Buesgens	Finstad	Howes	Nornes	Urdahl	
Dean	Garofalo	Koenen	Olson	Wardlow	

The bill was repassed, as amended by Conference, and its title agreed to.

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 1351, A bill for an act relating to transportation; modifying or adding provisions related to geotechnical investigations before eminent domain proceedings, the highway sign franchise program, streets and highways, highway safety rest areas, highway construction bids and training, town road abandonment, bridges, special mobile equipment, motor vehicle titles, motor vehicle transfers, traffic regulations, flammable liquid definition, drivers' licenses and identification cards, driver records and education, the Real ID Act, traffic-control signals, transportation goals and mission, statewide transportation plan, metropolitan transportation system performance evaluations, transportation contracts, rail service improvement, use of rail bank property, local airports, towing, vehicle impoundments, transit and paratransit, special transportation, small vehicle passenger service, transportation accessibility, transit ways and facilities, light rail transit, vehicle license plates, vehicle size and weight restrictions, vehicle load limits and permits, paper product vehicle routes and permits, definition of full-size pickup truck, vehicle idle reduction technology, commercial vehicles and drivers, vehicle registration, insurance requirements for vehicles owned by charitable organizations, the Unified Carrier Registration Agreement, household goods movers, obsolete motor carrier laws and conforming changes, railroad company requirements, the position of state rail safety inspector, and the Railroad Walkways Safety Act; requiring studies and reports; imposing penalties; making clarifying and technical changes; appropriating money; amending Minnesota Statutes 2006, sections 117.041, by adding a subdivision; 160.02, subdivision 19, by adding a subdivision; 160.80; 161.14, subdivision 18, by adding subdivisions; 161.32, subdivisions 1, 1b, 4; 164.06, subdivision 2; 165.01; 165.03; 168.011, subdivision 22; 168.013, subdivision 1e; 168.10, subdivisions 1a, 1b, 1c, 1d, 1g, 1h, 1i; 168.12, subdivisions 1, 2, 2a, 2b, 2c, 2d, 2e; 168A.01, by adding a subdivision; 168A.05, subdivisions 3, 5; 168A.10, subdivision 1; 168A.101; 168A.151, subdivision 1; 168A.153; 168B.04, subdivision 2; 168B.051, subdivision 2; 168B.06, subdivisions 1, 3; 168B.07, by adding subdivisions; 168B.087, subdivision 1, by adding a subdivision; 169.01, subdivisions 4c, 19, 20, 78, by adding subdivisions; 169.041, subdivisions 1, 2; 169.06, subdivision 5; 169.14, subdivision 2, by adding subdivisions; 169.34; 169.471, subdivision 1; 169.781; 169.782, subdivision 1; 169.783, subdivision 1; 169.81, subdivisions 2, 3c; 169.823, subdivision 1; 169.824, subdivision 2; 169.8261; 169.86, subdivision 5, by adding a subdivision; 169.862; 169.864, subdivisions 1, 2; 169.87, subdivision 4; 171.01, by adding a subdivision; 171.02, subdivision 1; 171.06, subdivision 3; 171.07, subdivisions 1, 3; 171.12, subdivision 6; 171.14; 174.01, subdivision 2; 174.02, subdivision 1a; 174.03, subdivision 1, by adding subdivisions; 174.24, subdivision 2a; 174.255, by adding a subdivision; 174.29, by adding subdivisions; 174.30, subdivisions 4, 9; 174.64, subdivisions 2, 4; 174.66; 218.021, subdivision 1; 218.041, subdivision 6; 221.011, subdivision 8, by adding a subdivision; 221.025; 221.026; 221.031, subdivisions 1, 6; 221.0314, subdivision 9, by adding a subdivision; 221.033, subdivision 2d; 221.036, subdivisions 1, 3; 221.037, subdivision 1; 221.091, subdivision 2; 221.131; 221.132; 221.141, subdivisions 1, 4; 221.185; 221.221, subdivision 3; 221.231; 221.291, subdivision 4; 221.60, subdivision 1, by adding a subdivision; 222.50, subdivision 7; 222.63, subdivision 4, by adding a subdivision; 299F.60, subdivision 1; 299J.16, subdivision 1; 325F.665, by adding a subdivision; 473.1466; 473.166; 473.386, subdivisions 1, 2, 2a, 3; 473.399; 473.3993, subdivisions 1, 3, by adding a subdivision; 473.3994; 473.3997; 473.4051; 473.408, by adding subdivisions; Laws 2005, First Special Session chapter 1, article 4, section 39; proposing coding for new law in Minnesota Statutes, chapters 160; 161; 169; 174; 219; 221; 473; repealing Minnesota Statutes 2006, sections 168A.05, subdivision 5a; 174.65; 221.011, subdivisions 24, 25, 28, 29, 38, 41, 44, 45; 221.0252, subdivision 7; 221.072; 221.111; 221.121, subdivisions 1, 2, 3, 4, 5, 6, 6a, 6c, 6d, 6e, 6f, 7; 221.122; 221.123; 221.131, subdivisions 2a, 3; 221.141, subdivision 6; 221.151; 221.152; 221.153, subdivisions 1, 2; 221.161; 221.171; 221.172, subdivisions 3, 4, 5, 6, 7, 8; 221.296, subdivisions 3, 4, 5, 6, 7, 8; 221.60, subdivisions 2, 3, 3a, 4, 5, 6; 221.601; 221.602; 325E.0951, subdivision 3a; 473.1465; 473.247; 473.3994, subdivision 13; Laws 1999, chapter 230, section 44.

PATRICK E. FLAHAVEN, Secretary of the Senate

Hornstein moved that the House refuse to concur in the Senate amendments to H. F. No. 1351, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1724:

Lesch, Walker and Abeler.

REPORT FROM THE COMMITTEE ON RULES AND
LEGISLATIVE ADMINISTRATION

Sertich from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Supplemental Calendar for the Day for Wednesday, May 16, 2007:

S. F. Nos. 1556, 1597, 1581 and 883; H. F. Nos. 413 and 1208; and S. F. Nos. 1218, 753, 221 and 1271.

CALENDAR FOR THE DAY

S. F. No. 1306 was reported to the House.

Holberg moved that H. F. No. 1306 be returned to the General Register. The motion prevailed.

S. F. No. 1959 was reported to the House.

Huntley moved to amend S. F. No. 1959, the unofficial engrossment, as follows:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 2006, section 151.01, is amended by adding a subdivision to read:

Subd. 31. **Central service pharmacy.** "Central service pharmacy" means a pharmacy that may provide dispensing functions, drug utilization review, packaging, labeling, or delivery of a prescription product to another pharmacy for the purpose of filling a prescription.

Sec. 2. **[151.215] CERTIFICATION.**

A pharmacist must certify a prescription, in compliance with Minnesota Board of Pharmacy rules, before the prescription is dispensed, delivered, mailed, or shipped to a patient or a patient's caregiver. However, if the prescription has been certified by a pharmacist at a licensed central service pharmacy, in compliance with Minnesota Board of Pharmacy rules, an additional certification is not required at the pharmacy that dispenses, mails, or ships the completed prescription to the patient."

Page 1, delete lines 13 to 18

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Gottwalt and Huntley moved to amend S. F. No. 1959, the unofficial engrossment, as amended, as follows:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 2006, section 151.37, subdivision 2, is amended to read:

Subd. 2. **Prescribing and filing.** (a) A licensed practitioner in the course of professional practice only, may prescribe, administer, and dispense a legend drug, and may cause the same to be administered by a nurse, a physician assistant, or medical student or resident under the practitioner's direction and supervision, and may cause a person who is an appropriately certified, registered, or licensed health care professional to prescribe, dispense, and administer the same within the expressed legal scope of the person's practice as defined in Minnesota Statutes. A licensed practitioner may prescribe a legend drug, without reference to a specific patient, by directing a nurse, pursuant to section 148.235, subdivisions 8 and 9, physician assistant, or medical student or resident to adhere to a particular practice guideline or protocol when treating patients whose condition falls within such guideline or protocol, and when such guideline or protocol specifies the circumstances under which the legend drug is to be prescribed and administered. An individual who verbally, electronically, or otherwise transmits a written, oral, or electronic order, as an agent of a prescriber, shall not be deemed to have prescribed the legend drug. This paragraph applies to a physician assistant only if the physician assistant meets the requirements of section 147A.18.

(b) A licensed practitioner that dispenses for profit a legend drug that is to be administered orally, is ordinarily dispensed by a pharmacist, and is not a vaccine, must file with the practitioner's licensing board a statement indicating that the practitioner dispenses legend drugs for profit, the general circumstances under which the practitioner dispenses for profit, and the types of legend drugs generally dispensed. It is unlawful to dispense legend drugs for profit after July 31, 1990, unless the statement has been filed with the appropriate licensing board. For purposes of this paragraph, "profit" means (1) any amount received by the practitioner in excess of the acquisition cost of a legend drug for legend drugs that are purchased in prepackaged form, or (2) any amount received by the practitioner in excess of the acquisition cost of a legend drug plus the cost of making the drug available if the legend drug requires compounding, packaging, or other treatment. The statement filed under this paragraph is public data under section 13.03. This paragraph does not apply to a licensed doctor of veterinary medicine or a registered pharmacist. Any person other than a licensed practitioner with the authority to prescribe, dispense, and administer a legend drug under paragraph (a) shall not dispense for profit. To dispense for profit does not include dispensing by a community health clinic when the profit from dispensing is used to meet operating expenses.

(c) A prescription or drug order for a legend drug is not valid if it is based solely on an online questionnaire, unless it can be established that the prescription or order was based on a documented patient evaluation adequate to establish a diagnosis and identify underlying conditions and contraindications to treatment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1959, A bill for an act relating to health professions; allowing the return of drugs dispensed by pharmacies in certain circumstances; proposing coding for new law in Minnesota Statutes, chapter 151.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Haws	Lenczewski	Norton	Slawik
Anderson, B.	Dill	Heidgerken	Lesch	Olin	Slocum
Anderson, S.	Dittrich	Hilstrom	Liebling	Olson	Smith
Anzelc	Dominguez	Hilty	Lieder	Otremba	Solberg
Atkins	Doty	Holberg	Lillie	Ozment	Svigum
Beard	Eastlund	Hoppe	Loeffler	Paulsen	Swails
Benson	Eken	Hornstein	Madore	Paymar	Thao
Berns	Emmer	Hortman	Magnus	Pelowski	Thissen
Bigham	Erhardt	Hosch	Mahoney	Peppin	Tillberry
Bly	Erickson	Howes	Mariani	Peterson, A.	Tingelstad
Brod	Faust	Huntley	Marquart	Peterson, N.	Tschumper
Brown	Finstad	Jaros	Masin	Peterson, S.	Urdahl
Brynaert	Fritz	Johnson	McFarlane	Poppe	Wagenius
Buesgens	Gardner	Juhnke	McNamara	Rukavina	Walker
Bunn	Garofalo	Kahn	Moe	Ruth	Ward
Carlson	Gottwalt	Kalin	Morgan	Ruud	Wardlow
Clark	Greiling	Knuth	Morrow	Sailer	Welti
Cornish	Gunther	Koenen	Mullery	Seifert	Westrom
Davnie	Hackbarth	Kohls	Murphy, E.	Sertich	Winkler
Dean	Hamilton	Kranz	Murphy, M.	Shimanski	Wollschlager
DeLaForest	Hansen	Laine	Nelson	Simon	Zellers
Demmer	Hausman	Lanning	Nornes	Simpson	Spk. Kelliher

The bill was passed, as amended, and its title agreed to.

S. F. No. 1370, A bill for an act relating to amusement rides; modifying provisions regulating amusement rides; defining terms; amending Minnesota Statutes 2006, sections 184B.01, subdivision 4, by adding subdivisions; 184B.02; 184B.03; 184B.05; 184B.07; proposing coding for new law in Minnesota Statutes, chapter 184B; repealing Minnesota Statutes 2006, section 184B.06.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 91 yeas and 41 nays as follows:

Those who voted in the affirmative were:

Anzelc	Dill	Hausman	Johnson	Lieder	Morrow
Atkins	Dittrich	Haws	Juhnke	Lillie	Mullery
Benson	Dominguez	Heidgerken	Kahn	Loeffler	Murphy, E.
Bigham	Doty	Hilstrom	Kalin	Madore	Murphy, M.
Bly	Eken	Hilty	Knuth	Mahoney	Nelson
Brown	Erhardt	Hornstein	Koenen	Mariani	Norton
Brynaert	Faust	Hortman	Kranz	Marquart	Olin
Bunn	Fritz	Hosch	Laine	Masin	Otremba
Carlson	Gardner	Howes	Lenczewski	McNamara	Paymar
Clark	Greiling	Huntley	Lesch	Moe	Pelowski
Davnie	Hansen	Jaros	Liebling	Morgan	Peterson, A.

Peterson, N.	Sailer	Smith	Tillberry	Ward
Peterson, S.	Sertich	Solberg	Tschumper	Walti
Poppe	Simon	Swails	Urdahl	Winkler
Rukavina	Slawik	Thao	Wagenius	Wollschlager
Ruud	Slocum	Thissen	Walker	Spk. Kelliher

Those who voted in the negative were:

Abeler	Cornish	Erickson	Holberg	Olson	Simpson
Anderson, B.	Dean	Finstad	Hoppe	Ozment	Sviggum
Anderson, S.	DeLaForest	Garofalo	Kohls	Paulsen	Tingelstad
Beard	Demmer	Gottwalt	Lanning	Peppin	Wardlow
Berns	Dettmer	Gunther	Magnus	Ruth	Westrom
Brod	Eastlund	Hackbarth	McFarlane	Seifert	Zellers
Buesgens	Emmer	Hamilton	Nornes	Shimanski	

The bill was passed and its title agreed to.

S. F. No. 1186, A bill for an act relating to public facilities; modifying provisions of the Minnesota Public Facilities Authority Act; making technical and housekeeping changes; modifying Pollution Control Agency project priority rule; amending Minnesota Statutes 2006, sections 116.182, subdivision 5; 446A.02; 446A.03; 446A.04; 446A.051; 446A.07; 446A.072; 446A.073; 446A.074; 446A.075; 446A.081; 446A.085; 446A.09; 446A.11, subdivision 13; 446A.17, subdivision 1; repealing Minnesota Statutes 2006, sections 446A.05; 446A.06; 446A.15, subdivision 6.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abeler	DeLaForest	Gunther	Kahn	Masin	Peterson, A.
Anderson, S.	Demmer	Hackbarth	Kalin	McFarlane	Peterson, N.
Anzelc	Dettmer	Hamilton	Knuth	McNamara	Peterson, S.
Atkins	Dill	Hansen	Koenen	Moe	Poppe
Beard	Dittrich	Hausman	Kohls	Morgan	Rukavina
Benson	Dominguez	Haws	Kranz	Morrow	Ruth
Berns	Doty	Heidgerken	Laine	Mullery	Ruud
Bigham	Eastlund	Hilstrom	Lanning	Murphy, E.	Sailer
Bly	Eken	Hilty	Lenczewski	Murphy, M.	Seifert
Brod	Emmer	Holberg	Lesch	Nelson	Sertich
Brown	Erhardt	Hoppe	Liebling	Nornes	Shimanski
Brynaert	Erickson	Hornstein	Lieder	Norton	Simon
Buesgens	Faust	Hortman	Lillie	Norton	Simpson
Bunn	Finstad	Hosch	Loeffler	Otremba	Slawik
Carlson	Fritz	Howes	Madore	Ozment	Slocum
Clark	Gardner	Huntley	Magnus	Paulsen	Smith
Cornish	Garofalo	Jaros	Mahoney	Paymar	Solberg
Davnie	Gottwalt	Johnson	Mariani	Pelowski	Sviggum
Dean	Greiling	Juhnke	Marquart	Peppin	Swails

Thao	Tingelstad	Wagenius	Wardlow	Winkler	Spk. Kelliher
Thissen	Tschumper	Walker	Welti	Wollschlager	
Tillberry	Urdahl	Ward	Westrom	Zellers	

Those who voted in the negative were:

Anderson, B. Olson

The bill was passed and its title agreed to.

S. F. No. 547, A bill for an act relating to Scott County; making the library board advisory to the county board.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Haws	Lenczewski	Norton	Slawik
Anderson, B.	Dill	Heidgerken	Lesch	Olin	Slocum
Anderson, S.	Dittrich	Hilstrom	Liebling	Olson	Smith
Anzelc	Dominguez	Hilty	Lieder	Otremba	Solberg
Atkins	Doty	Holberg	Lillie	Ozment	Sviggum
Beard	Eastlund	Hoppe	Loeffler	Paulsen	Swails
Benson	Eken	Hornstein	Madore	Paymar	Thao
Berns	Emmer	Hortman	Magnus	Pelowski	Thissen
Bigham	Erhardt	Hosch	Mahoney	Peppin	Tillberry
Bly	Erickson	Howes	Mariani	Peterson, A.	Tingelstad
Brod	Faust	Huntley	Marquart	Peterson, N.	Tschumper
Brown	Finstad	Jaros	Masin	Peterson, S.	Urdahl
Brynaert	Fritz	Johnson	McFarlane	Poppe	Wagenius
Buesgens	Gardner	Juhnke	McNamara	Rukavina	Walker
Bunn	Garofalo	Kahn	Moe	Ruth	Ward
Carlson	Gottwalt	Kalin	Morgan	Ruud	Wardlow
Clark	Greiling	Knuth	Morrow	Sailer	Welti
Cornish	Gunther	Koenen	Mullery	Seifert	Westrom
Davnie	Hackbarth	Kohls	Murphy, E.	Sertich	Winkler
Dean	Hamilton	Kranz	Murphy, M.	Shimanski	Wollschlager
DeLaForest	Hansen	Laine	Nelson	Simon	Zellers
Demmer	Hausman	Lanning	Nornes	Simpson	Spk. Kelliher

The bill was passed and its title agreed to.

S. F. No. 112, A bill for an act relating to commerce; prohibiting body piercing services for a person under the age of 18 without parental consent; prescribing a criminal penalty; providing public and private remedies; proposing coding for new law in Minnesota Statutes, chapter 325F.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Abeler	Demmer	Hausman	Lesch	Olson	Solberg
Anderson, B.	Dettmer	Haws	Liebling	Otremba	Sviggum
Anderson, S.	Dill	Heidgerken	Lieder	Ozment	Swails
Anzelc	Dominguez	Hilstrom	Lillie	Paulsen	Thao
Atkins	Doty	Hilty	Loeffler	Paymar	Thissen
Beard	Eastlund	Holberg	Magnus	Pelowski	Tillberry
Benson	Eken	Hoppe	Mahoney	Peppin	Tingelstad
Berns	Emmer	Hornstein	Mariani	Peterson, A.	Tschumper
Bigham	Erhardt	Hosch	Marquart	Peterson, N.	Urdahl
Bly	Erickson	Howes	Masin	Peterson, S.	Wagenius
Brod	Faust	Huntley	McFarlane	Poppe	Walker
Brown	Finstad	Jaros	McNamara	Ruth	Ward
Brynaert	Fritz	Johnson	Moe	Sailer	Wardlow
Buesgens	Gardner	Juhnke	Morgan	Seifert	Welti
Bunn	Garofalo	Knuth	Morrow	Sertich	Westrom
Carlson	Gottwalt	Koenen	Mullery	Shimanski	Zellers
Clark	Greiling	Kohls	Murphy, M.	Simon	Spk. Kelliher
Cornish	Gunther	Kranz	Nelson	Simpson	
Davnie	Hackbarth	Laine	Nornes	Slawik	
Dean	Hamilton	Lanning	Norton	Slocum	
DeLaForest	Hansen	Lenczewski	Olin	Smith	

Those who voted in the negative were:

Dittrich	Kalin	Murphy, E.	Ruud	Wollschlager
Hortman	Madore	Rukavina	Winkler	

The bill was passed and its title agreed to.

S. F. No. 1377 was reported to the House.

Tingelstad moved to amend S. F. No. 1377, the second engrossment, as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 1340, the first engrossment:

"ARTICLE 1

GENERAL LAWS GOVERNING BOARDS AND ADVISORY GROUPS

Section 1. Minnesota Statutes 2006, section 15.059, subdivision 5, is amended to read:

Subd. 5. **Expiration date.** (a) Unless a different date is specified by law, the existence of each advisory council and committee expires on the date specified in the law establishing the group or on June 30, ~~2003~~ 2009, whichever is sooner. This subdivision applies whether or not the law establishing the group provides that the group is governed by this section. The secretary of state must notify the primary appointing authority or chair of an advisory council or committee of its scheduled expiration before the start of the annual legislative session immediately preceding the group's scheduled expiration.

(b) An advisory council or committee does not expire in accordance with paragraph (a) if it:

- (1) is an occupational licensure advisory group to a licensing board or agency;
- (2) administers and awards grants; or
- (3) is required by federal law or regulation.

ARTICLE 2

REPEAL OF EXPIRED ADVISORY GROUPS

Section 1. Minnesota Statutes 2006, section 16B.055, subdivision 1, is amended to read:

Subdivision 1. ~~**Governor's Advisory Council on Technology for People with Disabilities**~~ **Assistive Technology Act of 1998**. The Department of Administration shall serve as the lead agency to assist the Minnesota Governor's Advisory Council on Technology for People with Disabilities in carrying out all responsibilities pursuant to United States Code, title 29, section 2211 et seq., and any other responsibilities related to that program is designated as the responsible agency to carry out all the responsibilities under the Assistive Technology Act of 1998 according to United States Code, title 29, section 3011.

Sec. 2. Minnesota Statutes 2006, section 16B.181, subdivision 2, is amended to read:

Subd. 2. **Public entities; purchases from corrections industries.** (a) The commissioner of corrections, in consultation with the commissioner of administration, shall prepare updated lists of the items available for purchase from Department of Corrections industries and annually forward a copy of the most recent list to all public entities within the state. A public entity that is supported in whole or in part with funds from the state treasury may purchase items directly from corrections industries. The bid solicitation process is not required for these purchases.

(b) The commissioner of administration shall develop a contract or contracts to enable public entities to purchase items directly from corrections industries. The commissioner of administration, in consultation with the commissioner of corrections, shall determine the fair market price for listed items. The commissioner of administration shall require that all requests for bids or proposals, for items provided by corrections industries, be forwarded to the commissioner of corrections to enable corrections industries to submit bids. The commissioner of corrections shall consult with the commissioner of administration prior to introducing new products to the state agency market.

(c) No public entity may evade the intent of this section by adopting slight variations in specifications, when Minnesota corrections industry items meet the reasonable needs and specifications of the public entity.

(d) The commissioners of administration and corrections shall develop annual performance measures outlining goals to maximize inmate work program participation. ~~The commissioners of administration and corrections shall appoint cochairs for a task force whose purpose is to determine additional methods to achieve the performance goals for public entity purchasing. The task force shall include representatives from the Minnesota House of Representatives, Minnesota Senate, the Minnesota State Colleges and Universities, University of Minnesota, Minnesota League of Cities, Minnesota Association of Counties, and administrators with purchasing responsibilities from the Minnesota state Departments of Corrections, Public Safety, Finance, Transportation, Natural Resources, Human Services, Health, and Employment and Economic Development. Notwithstanding section 15.059, the task force created in this paragraph expires on June 30, 2003.~~

(e) If performance goals for public entity purchasing are not achieved in two consecutive fiscal years, public entities shall purchase items available from corrections industries. The commissioner of administration shall be responsible for notifying public entities of this requirement.

Sec. 3. Minnesota Statutes 2006, section 16C.17, is amended to read:

16C.17 ENCOURAGEMENT OF PARTICIPATION; ~~ADVISORY COUNCIL.~~

Subdivision 1. ~~Commissioner of administration~~ **Commissioners' duties.** The commissioners of administration and employment and economic development shall publicize the provisions of the purchasing programs in sections 16C.16 to 16C.21, attempt to locate small businesses or small targeted group businesses able to perform under the programs, and encourage participation through education, technical assistance, mentoring, and other means. When the commissioner of administration determines that a small business or small targeted group business is unable to perform under a program established in sections 16C.16 to 16C.21, the commissioner shall inform the commissioner of employment and economic development who shall assist the small business or small targeted group business in attempting to remedy the causes of the inability to perform the award. In assisting the small business or small targeted group business, the commissioner of employment and economic development in cooperation with the commissioner of administration shall use management or financial assistance programs made available by or through the Department of Employment and Economic Development, other state or governmental agencies, or private sources.

~~Subd. 2. **Advisory council.** The Small Business Procurement Advisory Council consists of 13 members appointed by the commissioner of administration. A chair of the advisory council shall be elected from among the members. The appointments are subject to the appointments program provided by section 15.0597. The terms, compensation, and removal of members are as provided in section 15.059. Notwithstanding section 15.059, the council expires June 30, 2003.~~

~~Subd. 3. **Duties.** The Small Business Procurement Advisory Council shall:~~

~~(1) advise the commissioner of administration on matters relating to the small business and small targeted group business procurement program;~~

~~(2) review complaints or grievances from small businesses and small targeted group businesses who are doing or attempting to do business under the program; and~~

~~(3) review the reports of the commissioners of administration and employment and economic development provided by section 16C.18 to ensure compliance with the goals of the program.~~

Sec. 4. Minnesota Statutes 2006, section 21.112, is amended to read:

21.112 COMMISSIONER, DUTIES; SEED POTATOES.

Subdivision 1. **Duties, employees.** The commissioner shall provide the means and direct the work for the inspection, certification, promotion of quality, and creation of demand and sale of seed potatoes. The commissioner may enter into contracts and ground leases for planting and growing potatoes outside of the state for experimental and research purposes. The commissioner shall provide such forms as are necessary and keep a record of the work performed, and shall appoint, designate, or employ such officers, inspectors, and employees as may be deemed necessary and fix their compensation.

~~Subd. 2. **Advisory seed potato certification task force.** The commissioner may appoint an advisory seed potato certification task force. If the task force is appointed each member shall be a grower in Minnesota of certified seed potatoes. The terms, compensation and removal of members shall be as provided in section 15.059. The task force shall expire June 30, 2003.~~

Sec. 5. Minnesota Statutes 2006, section 43A.318, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) **Scope.** For the purposes of this section, the terms defined have the meaning given them.

~~(b) **Advisory committee; committee.** "Advisory committee" or "committee" means the committee created under subdivision 3.~~

~~(e) **Committee member; member.** "Committee member" or "member" means a person serving on the advisory committee created under subdivision 3.~~

~~(d)~~ (b) **Eligible person.** "Eligible person" means:

(1) a person who is eligible for insurance and benefits under section 43A.24;

(2) a person who at the time of separation from employment was eligible to purchase coverage at personal expense under section 43A.27, subdivision 3, regardless of whether the person elected to purchase this coverage;

(3) a spouse of a person described in clause (1) or (2), regardless of the enrollment status in the program of the person described in clause (1) or (2); or

(4) a parent of a person described in clause (1), regardless of the enrollment status in the program of the person described in clause (1).

~~(e)~~ (c) **Program.** "Program" means the statewide public employees long-term care insurance program created under subdivision 2.

~~(f)~~ (d) **Qualified vendor.** "Qualified vendor" means an entity licensed or authorized to underwrite, provide, or administer group long-term care insurance benefits in this state.

Sec. 6. Minnesota Statutes 2006, section 92.35, is amended to read:

92.35 DUTIES AND POWERS.

The commissioner of natural resources must classify all public and private lands in the state by the use to which the lands are adapted, but principally as to adaptability to present known uses, such as agriculture and forestry. This classification must be based on consideration of the known physical and economic factors affecting use of the land. The commissioner must consult private, state, and federal agencies concerned with land use. ~~The commissioner may appoint advisory committees of residents of the state concerned with and interested in land use. The advisory committees shall serve without pay, at the pleasure of the commissioner. The advisory committee must consider and report on land use problems submitted by the commissioner.~~ The classification must be done first in the counties having land classification committees. In determining the land classification, the commissioner must consult and cooperate with the land classification committee. The determination of the land classification committee is final.

Sec. 7. Minnesota Statutes 2006, section 129D.04, subdivision 1, is amended to read:

Subdivision 1. **Authority.** The board shall through the following activities stimulate and encourage the creation, performance and appreciation of the arts in the state:

- (1) receive and consider any requests for grants, loans or other forms of assistance;
- (2) advise and serve as a technical resource at the request of sponsoring organizations and political subdivisions in the state on programs relating to the arts;
- (3) advise and recommend on existing or proposed activities of the departments of the state relating to the arts;
- (4) accept gifts and grants to the board and distribute the same in accordance with the instructions of the donor insofar as the instructions are consistent with law;
- (5) promulgate by rule procedures to be followed by the board in receiving and reviewing requests for grants, loans or other forms of assistance;
- (6) promulgate by rule standards consistent with this chapter to be followed by the board in the distribution of grants, loans, and other forms of assistance;
- (7) distribute according to the above procedures and standards grants, loans, and other forms of assistance for artistic activities to departments and agencies of the state, political subdivisions, sponsoring organizations and, in appropriate cases, to individuals engaged in the creation or performance of the arts; provided that a member of the board shall not participate in deliberations or voting on assistance to groups or persons in which that member has an interest as officer, director, employee, or recipient;
- (8) appoint advisory committees which the board determines are essential to the performance of its powers and duties under this section; provided that no member of an advisory committee shall serve on a committee to which the member has an application pending for a grant, loan, or other form of assistance from the board or its predecessor; and provided that the board's authority to appoint advisory committees under this clause does not expire under section 15.059;
- (9) serve as a fiscal agent to disburse appropriations for regional arts councils throughout the state.

Sec. 8. Minnesota Statutes 2006, section 240.18, subdivision 4, is amended to read:

Subd. 4. **Rules; advisory committees.** The commission shall adopt rules governing the distribution of the fund. ~~The commission may establish advisory committees to advise it on the distribution of money under this section, provided that the members of an advisory committee shall serve without compensation.~~

Sec. 9. Minnesota Statutes 2006, section 245.71, is amended to read:

245.71 CONDITIONS TO FEDERAL AID FOR MENTALLY ILL.

Subdivision 1. **Federal aid or block grants.** The commissioner of human services may comply with all conditions and requirements necessary to receive federal aid or block grants with respect to the establishment, construction, maintenance, equipment or operation, for all the people of this state, of adequate facilities and services as specified in section 245.70.

~~Subd. 2. **Planning council.** The commissioner may establish a state Mental Health Services Planning Council to advise on matters relating to coordination of mental health services among state agencies, the unmet needs for services, including services for minorities or other underserved groups, and the allocation and adequacy of mental health services within the state. The commissioner may establish special committees within the planning council authority to address the needs of special population groups. Members of a state advisory planning council must be broadly representative of other state agencies involved with mental health, service providers, advocates, consumers, local elected officials, age groups, underserved and minority groups, and geographic areas of the state.~~

Sec. 10. Minnesota Statutes 2006, section 252.282, subdivision 5, is amended to read:

Subd. 5. **Responsibilities of commissioner.** (a) In collaboration with counties, and providers, ~~and the statewide advisory committee~~, the commissioner shall ensure that services recognize the preferences and needs of persons with developmental disabilities and related conditions through a recurring systemic review and assessment of ICF/MR facilities within the state.

(b) The commissioner shall publish a notice in the State Register no less than biannually to announce the opportunity for counties or providers to submit requests for payment rate adjustments associated with plans for downsizing, relocation, and closure of ICF/MR facilities.

(c) The commissioner shall designate funding parameters to counties and to the statewide advisory committee for the overall implementation of system needs within the fiscal resources allocated by the legislature.

(d) The commissioner shall contract with ICF/MR providers. ~~The initial contracts shall cover the period from October 1, 2000, to December 31, 2001. Subsequent Contracts shall be for two-year periods beginning January 1, 2002.~~

Sec. 11. Minnesota Statutes 2006, section 256C.28, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The Minnesota Commission Serving Deaf and Hard-of-hearing People consists of seven members appointed at large and one member from each advisory committee established under section 256C.24, subdivision 3. At least 50 percent of the members must be deaf or deaf-blind or hard of hearing. Members shall include persons who are deaf, deaf-blind, and hard of hearing, parents of children who are deaf, deaf-blind, and hard of hearing, and representatives of county and regional human services, including representatives of private service providers. Commission members are appointed by the governor for a three-year term and shall serve no more than two consecutive terms. The commission shall select one member as chair. Notwithstanding section 15.059, the commission does not expire.

Sec. 12. Minnesota Statutes 2006, section 353D.01, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The public employees defined contribution plan is administered by the Public Employees Retirement Association under supervision of the association board of trustees. ~~To assist it in governing the operations of the plan, the board may appoint an advisory committee of not more than nine members who are representative of the employers and employees who participate in the plan.~~

Sec. 13. **REPEALER.**

Minnesota Statutes 2006, sections 16B.055, subdivisions 2 and 3; 16B.65, subdivision 5; 16B.76; 18B.305, subdivision 3; 43A.318, subdivision 3; 62J.692, subdivision 2; 115.54; 115A.9651, subdivision 5; 116C.93; 116O.091, subdivision 7; 125B.21; 127A.30; 145.9266, subdivisions 6 and 7; 175.008; 241.021, subdivision 4b; 242.56, subdivision 3; 245.699; 252.282, subdivision 4; 256B.0625, subdivision 13a; 256B.77, subdivision 23; 299A.293; 299A.331; 299M.02; 326.41; 352.98, subdivision 6; 354B.25, subdivision 1a; 611A.25; and 611A.361, are repealed.

ARTICLE 3

CONFORMING CHANGES

Section 1. Minnesota Statutes 2006, section 62J.693, subdivision 2, is amended to read:

Subd. 2. **Grant application process.** (a) The commissioner of health shall make recommendations for a process for the submission, review, and approval of research grant applications. The process shall give priority for grants to applications that are intended to gather preliminary data for submission for a subsequent proposal for funding from a federal agency or foundation, which awards research money on a competitive, peer-reviewed basis. Grant recipients must be able to demonstrate the ability to comply with federal regulations on human subjects research in accordance with Code of Federal Regulations, title 45, section 46, and shall conduct the proposed research. Grants may be awarded to the University of Minnesota, the Mayo Clinic, or any other public or private organization in the state involved in medical research. The commissioner shall report to the legislature by January 15, 2000, with recommendations.

(b) The commissioner may ~~consult with the Medical Education and Research Advisory Committee established in section 62J.692 in developing these recommendations or~~ may appoint a research advisory committee to provide advice and oversight on the grant application process. If the commissioner appoints a research advisory committee, the committee shall be governed by section 15.059 for membership terms and removal of members.

Sec. 2. Minnesota Statutes 2006, section 354C.12, subdivision 4, is amended to read:

Subd. 4. **Administrative expenses.** (a) The Board of Trustees of the Minnesota State Colleges and Universities is authorized to pay the necessary and reasonable administrative expenses of the supplemental retirement plan and may bill participants to recover these expenses. The administrative fees or charges may be charged to participants as an annual fee, an asset-based fee, a percentage of contributions to the plan, or a contribution thereof.

(b) Any recovered or assessed amounts that are not needed for the necessary and reasonable administrative expenses of the plan must be refunded to member accounts.

(c) The Board of Trustees shall report annually, before October 1, to the ~~advisory committee created in section 354B.25, subdivision 1a,~~ legislature on administrative expenses of the plan. The report must include a detailed accounting of charges for administrative expenses collected from plan participants and expenditure of the administrative expense charges. The administrative expense charges collected from plan participants must be kept in a separate account from any other funds under control of the Board of Trustees and may be used only for the necessary and reasonable administrative expenses of the plan.

Sec. 3. Minnesota Statutes 2006, section 356A.02, subdivision 1, is amended to read:

Subdivision 1. **Fiduciary status.** For purposes of this chapter, the following persons are fiduciaries:

- (1) any member of the governing board of a covered pension plan;
- (2) the chief administrative officer of a covered pension plan or of the State Board of Investment;
- (3) any member of the State Board of Investment; and
- (4) any member of the Investment Advisory Council; ~~and~~
- (5) ~~any member of the advisory committee established under section 354B.25."~~

Delete the title and insert:

"A bill for an act relating to state government; revising certain laws governing state boards and advisory groups; amending Minnesota Statutes 2006, sections 15.059, subdivision 5; 16B.055, subdivision 1; 16B.181, subdivision 2; 16C.17; 21.112; 43A.318, subdivision 1; 62J.693, subdivision 2; 92.35; 129D.04, subdivision 1; 240.18, subdivision 4; 245.71; 252.282, subdivision 5; 256C.28, subdivision 1; 353D.01, subdivision 1; 354C.12, subdivision 4; 356A.02, subdivision 1; repealing Minnesota Statutes 2006, sections 16B.055, subdivisions 2, 3; 16B.65, subdivision 5; 16B.76; 18B.305, subdivision 3; 43A.318, subdivision 3; 62J.692, subdivision 2; 115.54; 115A.9651, subdivision 5; 116C.93; 116O.091, subdivision 7; 125B.21; 127A.30; 145.9266, subdivisions 6, 7; 175.008; 241.021, subdivision 4b; 242.56, subdivision 3; 245.699; 252.282, subdivision 4; 256B.0625, subdivision 13a; 256B.77, subdivision 23; 299A.293; 299A.331; 299M.02; 326.41; 352.98, subdivision 6; 354B.25, subdivision 1a; 611A.25; 611A.361."

The motion prevailed and the amendment was adopted.

Tingelstad moved to amend S. F. No. 1377, the second engrossment, as amended, as follows:

Page 2, delete section 1 and insert:

"Section 1. Minnesota Statutes 2006, section 16B.055, subdivision 1, is amended to read:

Subdivision 1. ~~**Governor's Advisory Council on Technology for People with Disabilities.**~~ **Federal Assistive Technology Act.** (a) ~~The Department of Administration shall serve as the lead agency to assist the Minnesota Governor's Advisory Council on Technology for People with Disabilities in carrying out all responsibilities pursuant to United States Code, title 29, section 2211 et seq., and any other responsibilities related to that program is designated as the lead agency to carry out all the responsibilities under the Assistive Technology Act of 1998, as provided by Public Law 108-364, as amended. The Minnesota Assistive Technology Advisory Council is established to fulfill the responsibilities required by the Assistive Technology Act, as provided by Public Law 108-364, as amended. Because the existence of this council is required by federal law, this council does not expire and the expiration date provided in section 15.059, subdivision 5, does not apply.~~

(b) ~~The governor shall appoint the membership of the council as required by the Assistive Technology Act of 1998, as provided by Public Law 108-364, as amended. After the governor has completed the appointments required by this subdivision, the commissioner of administration, or the commissioner's designee, shall convene the first meeting of the council following the appointments. Members shall serve two-year terms commencing July 1 of each odd-numbered year, and receive the compensation specified by the Assistive Technology Act of 1998, as provided by Public Law 108-364, as amended. The members of the council shall select their chair at the first meeting following their appointment.~~

Page 8, line 13, delete "299M.02:"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Buesgens moved to amend S. F. No. 1377, the second engrossment, as amended, as follows:

Page 5, delete section 6

The motion prevailed and the amendment was adopted.

Solberg moved to amend S. F. No. 1377, as amended, as follows:

Page 8, line 11, delete "127A.30,"

The motion prevailed and the amendment was adopted.

S. F. No. 1377, A bill for an act relating to state government; revising certain laws governing state boards and advisory groups; amending Minnesota Statutes 2006, sections 15.059, subdivision 5; 16B.181, subdivision 2; 16C.17; 21.112; 43A.318, subdivision 1; 62J.693, subdivision 2; 92.35; 129D.04, subdivision 1; 240.18, subdivision 4; 245.71; 245.97, by adding a subdivision; 252.282, subdivision 5; 353D.01, subdivision 1; 354C.12, subdivision 4; 356A.02, subdivision 1; Laws 1976, chapter 199, section 14, subdivision 1, as amended; repealing Minnesota Statutes 2006, sections 3.884; 16B.055; 16B.65, subdivision 5; 16B.76; 18B.305, subdivision 3; 43A.318, subdivision 3; 62J.692, subdivision 2; 115.54; 115A.9651, subdivision 5; 116C.93; 116O.091, subdivision 7; 125B.21; 127A.30; 145.9266, subdivisions 6, 7; 175.008; 241.021, subdivision 4b; 242.56, subdivision 3; 245.699; 252.282, subdivision 4; 256B.0625, subdivision 13a; 256B.77, subdivision 23; 256C.28; 299A.293; 299A.331; 326.41; 352.98, subdivision 6; 354B.25, subdivision 1a; 611A.25; 611A.361.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dean	Greiling	Juhnke	Marquart	Pelowski
Anderson, B.	DeLaForest	Gunther	Kahn	Masin	Peppin
Anderson, S.	Demmer	Hackbarth	Kalin	McFarlane	Peterson, A.
Anzelc	Dettmer	Hamilton	Knuth	McNamara	Peterson, N.
Atkins	Dill	Hansen	Koenen	Moe	Peterson, S.
Beard	Dittrich	Hausman	Kohls	Morgan	Poppe
Benson	Dominguez	Haws	Kranz	Morrow	Rukavina
Berns	Doty	Heidgerken	Laine	Mullery	Ruth
Bigham	Eastlund	Hilstrom	Lanning	Murphy, E.	Ruud
Bly	Eken	Hilty	Lenczewski	Murphy, M.	Sailer
Brod	Emmer	Holberg	Lesch	Nelson	Seifert
Brown	Erhardt	Hoppe	Liebling	Nornes	Sertich
Brynaert	Erickson	Hornstein	Lieder	Norton	Shimanski
Buesgens	Faust	Hortman	Lillie	Olin	Simon
Bunn	Finstad	Hosch	Loeffler	Olson	Simpson
Carlson	Fritz	Howes	Madore	Otremba	Slawik
Clark	Gardner	Huntley	Magnus	Ozment	Slocum
Cornish	Garofalo	Jaros	Mahoney	Paulsen	Smith
Davnie	Gottwalt	Johnson	Mariani	Paymar	Solberg

Sviggum	Thissen	Tschumper	Walker	Welti	Wollschlager
Swails	Tillberry	Urdahl	Ward	Westrom	Zellers
Thao	Tingelstad	Wagenius	Wardlow	Winkler	Spk. Kelliher

The bill was passed, as amended, and its title agreed to.

There being no objection, the order of business reverted to Reports of Standing Committees and Divisions.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 1978, A bill for an act relating to retirement; various retirement plans; authorizing an optional annuity election for the surviving spouse of a deceased former legislator; permitting the optional early division of legislators retirement plan retirement allowances upon a marriage dissolution; expanding the membership of the general state employees retirement plan and the State Patrol retirement plan; permitting withholding of insurance premiums from public safety employee annuities; providing special coverage to privatized employees of Lakefield Nursing Home, Lakeview Nursing Home, Oakland Park Nursing Home, and Hutchinson Area Health Care; permitting various prior service credit purchases; exempting certain Anoka County employees from reemployed annuitant earnings limitations; permitting certain combined service annuity back payments; permitting a delayed disability benefit application; making various administrative changes in various statewide retirement plans; modifying disability determination procedures and disability benefits in various plans administered by the Public Employees Retirement Association; authorizing investment in the State Board of Investment by the Minneapolis Employees Retirement Fund; relaxing certain Minneapolis Employees Retirement Fund liquidity transfer requirements; expanding the coverage group of the state employees correctional retirement plan to include various Department of Corrections and Department of Human Services employees; modifying various aspects of the volunteer fire supplemental benefit coverage; correcting various 2006 drafting errors; replacing the investment-related postretirement adjustment mechanism for the St. Paul Teachers Retirement Fund Association with a cost of living adjustment mechanism; extending the St. Paul Teachers Retirement Fund Association amortization target date; modifying certain Minneapolis Police Relief Association surviving spouse benefit amounts and validating prior payments; increasing the amount available for distribution by the Minneapolis Firefighters Relief Association as a postretirement adjustment; including the Public Employees Retirement Association staff in the state's postretirement option; extending the 2006 special retirement incentive to 2009 and making certain modifications; authorizing an additional postretirement adjustment for surviving spouses receiving benefits from the Thief River Falls Police Trust Fund; amending Minnesota Statutes 2006, sections 3.85, subdivisions 3, 10; 3A.02, subdivisions 1, 5; 3A.05; 13.632, subdivision 1; 43A.346, subdivisions 1, 2; 126C.41, subdivision 4; 352.01, subdivisions 2a, 2b, 11; 352.12, subdivision 2a; 352.27; 352.91, subdivisions 3d, 3e, 3f, 4b; 352.951; 352.98, by adding a subdivision; 352B.01, subdivision 2; 352D.02, subdivisions 1, 3; 352D.06, subdivision 3; 353.01, subdivisions 2a, 2b, 6, 16, 28, 37, by adding subdivisions; 353.03, subdivisions 3, 3a, 4; 353.27, by adding a subdivision; 353.28, subdivision 6; 353.29, subdivision 3; 353.30, subdivisions 1a, 1b, 1c; 353.32, subdivisions 1a, 1b; 353.33, subdivisions 1, 2, 4, 6, 7a; 353.34, subdivision 3; 353.651, subdivision 4; 353.656, subdivisions 1a, 3, 4, 5a, 6a, 8, 10, by adding subdivisions; 353.657, subdivisions 1, 2, 2a, 3; 353B.08, subdivision 11; 353E.06, subdivisions 1, 2, 4, 8; 353F.02, subdivision 4; 353F.04, subdivision 1; 354.05, subdivision 13; 354.093; 354.094; 354.095; 354.096, subdivision 2; 354.35; 354.44, subdivision 6; 354.45, subdivision 1a; 354.48, subdivision 3; 354A.12, subdivisions 3b, 3c, 3d; 354A.29, subdivisions 3, 4; 354B.21, subdivision 3; 355.01, subdivision 3h; 356.195, subdivision 1; 356.215, subdivision 11; 356.405; 356.46, subdivision 3; 356.87; 356A.06, subdivision 6; 422A.01, subdivision 13a; 422A.05, subdivision 2c; 422A.06, subdivisions 3, 5, 7, 8; 422A.101, subdivision 3; 423A.02, subdivisions 3, 5; 423B.10, subdivision 1; 423C.06, subdivision 2; 424A.10, subdivisions 1, 2, 3; 490.121, subdivisions 15a, 21f; 626.84, subdivision 1; Laws 1981, chapter 68, section 42, subdivision 1, as amended; Laws 2006, chapter 271, article 2, sections 12, subdivision

1; 13, subdivision 3; article 3, section 43; article 14, section 2, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 3A; 352; 353; 353E; 354; 356; repealing Minnesota Statutes 2006, sections 352.031; 353.30, subdivision 1; 353.33, subdivisions 6a, 6b, 8; 353.34, subdivision 7; 353.656, subdivisions 5, 9, 11, 12; 353.69; 354.071; 354.49, subdivision 5; 354A.12, subdivision 3d; 354A.29, subdivision 6; 356.90; 422A.101, subdivision 4.

Reported the same back with the following amendments:

Page 52, lines 2 and 6, delete "other than paragraph (j)."

Page 64, delete section 45

Page 71, line 13, delete "4" and insert "4a"

Page 72, line 17, delete "July 1" and insert "June 30"

Page 81, line 8, delete everything after "(a)"

Page 81, line 9, delete "1a."

Page 81, lines 13 to 14, delete the new language

Page 83, after line 29, insert:

"Sec. 15. Minnesota Statutes 2006, section 353.656, subdivision 1, is amended to read:

Subdivision 1. ~~**In-line-of Duty disability; computation of benefits.**~~ (a) A member of the police and fire plan who:

~~(1) has not met the requirements for a retirement annuity under section 353.651, subdivision 1, or~~

~~(2) has met the requirements for a retirement annuity under section 353.651, subdivision 1, but who does not have 20 years of credited service; and who becomes disabled and physically unfit to perform duties as a police officer, firefighter, or paramedic as defined under section 353.64, subdivision 10, as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, which has or is expected to render the member physically or mentally unable to perform the duties as a police officer, firefighter, or paramedic as defined under section 353.64, subdivision 10, for a period of at least one year is determined to qualify for duty disability as defined in section 353.01, subdivision 41, shall receive disability benefits during the period of such disability.~~

~~(b) The benefits must be in an amount equal to 60 percent of the "average salary" as defined in section 353.01, subdivision 17a, plus an additional percent specified in section 356.315, subdivision 6, of that average salary for each year of service in excess of 20 years.~~

(b) To be eligible for a benefit under paragraph (a), the member must have:

(1) not met the requirements for a retirement annuity under section 353.651, subdivision 1; or

(2) met the requirements under that subdivision, but not have at least 20 years of allowable service credit.

(c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a period of 60 months from the disability benefit accrual date and at the end of that period is subject to provisions of subdivision 5a.

(d) If the disability under this subdivision occurs before the member has at least five years of allowable service credit in the police and fire plan, the disability benefit must be computed on the "average salary" from which deductions were made for contribution to the police and fire fund.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to disability benefit applicants whose last day of public employment was after June 30, 2007.

Page 84, line 24, before "If" insert "(d)"

Page 92, line 16, after "(a)" insert "Except for a total and permanent disability under subdivision 1a."

Page 92, line 21, before "No" insert "Except for a total and permanent disability under subdivision 1a."

Pages 108 to 112, delete sections 1 to 3 and insert:

"Section 1. ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION; PILOT POSTRETIREMENT ADJUSTMENT; LIMITATIONS.

(a) Notwithstanding any provision of Minnesota Statutes, chapter 354A, to the contrary, for calendar years 2008 and 2009 and for postretirement adjustments initially payable on January 1, 2008, or January 1, 2009, as a pilot program this section supersedes Minnesota Statutes, section 354A.29, subdivisions 3 and 4, and the applicable bylaw provisions of the St. Paul Teachers Retirement Fund Association.

(b) The postretirement adjustment under the pilot program must be determined by the executive director and approved by the board annually using the procedures under this section.

(c) On January 1, each eligible person who has accrued or received an annuity or benefit under the articles of incorporation, the bylaws, or this chapter for at least three full calendar months as of the end of the calendar year is eligible to receive a postretirement adjustment that is payable the following January 1.

(d) A percentage adjustment must be computed and paid under this paragraph to eligible persons under paragraph (c). This adjustment is determined by reference to the Consumer Price Index for urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics of the United States Department of Labor each year as part of the determination of annual cost-of-living adjustments to recipients of federal old-age, survivors, and disability insurance. For calculations of the cost-of-living adjustment under paragraph (b), the term "average third quarter Consumer Price Index value" means the sum of the monthly index values as initially reported by the Bureau of Labor Statistics for the months of July, August, and September, divided by 3.

(e) Before January 1 of each year, the executive director must calculate the amount of the cost-of-living adjustment by dividing the most recent average third quarter index value by the same average third quarter index value from the previous year, subtract one from the resulting quotient, and express the result as a percentage amount, which must be rounded to the nearest one-tenth of one percent. The final amount may not be a negative number and may not exceed 2.5 percent if the rate of investment return of the retirement fund either for the most recent fiscal year or for the most recent five-year period, each calculated under the formula specified in section 11A.04, clause (11), is less than 8.5 percent and may not exceed 5.0 percent if the rate of investment return of the retirement fund both for the most recent fiscal year and for the most recent five-year period, each calculated under the formula specified in section 11A.04, clause (11), are equal to or greater than 8.5 percent.

(f) The amount calculated under paragraph (b) is the full cost-of-living adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the calendar year before the cost-of-living

adjustment is applied, the full increase amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the cost-of-living adjustment is applied, calculated to the third decimal place.

(g) This pilot postretirement adjustment program does not constitute a precedent for this or any other retirement plan.

Sec. 2. **MANDATED STUDY AND REPORT ON SPTRFA POSTRETIREMENT ADJUSTMENT EXPERIENCE.**

(a) The Legislative Commission on Pensions and Retirement shall study the experience of the St. Paul Teachers Retirement Fund Association under the temporary postretirement adjustment mechanism under section 1 and shall consider any proposals or analyses presented by other Minnesota public retirement plans regarding potential or proposed postretirement adjustment mechanism changes. Following the completion of its study, on or before January 15, 2009, the Legislative Commission on Pensions and Retirement shall report to the chair of the house Committee on Governmental Operations, Reform Technology and Elections, the chair of the house Committee on Finance, the chair of the senate Committee on State and Local Governmental Operations, and the chair of the senate Committee on Finance its findings and recommendations regarding a possible continuation, modification, or elimination of the temporary mechanism specified in section 1.

(b) For fiscal years 2007 and 2008, in addition to the regular actuarial valuation prepared under Minnesota Statutes, section 356.215, the St. Paul Teachers Retirement Fund Association shall have prepared and shall file with the Legislative Commission on Pensions and Retirement a supplemental actuarial valuation report providing comparative data on the funded status, actuarial requirements, contribution sufficiency or deficiency, and any other relevant results if the temporary postretirement adjustment mechanism under section 1 were a permanent mechanism. This report must be submitted for inclusion in the study required under paragraph (a)."

Page 135, lines 11 and 13, after "Midwest" insert "Forensic"

Page 135, lines 12 and 14, delete "Incorporated" and insert "P.A."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, delete line 7

Page 1, line 8, delete "annuities;"

Page 1, line 23, delete everything after the semicolon and insert "establishing a pilot postretirement adjustment; requiring a study and report"

Page 1, delete lines 24 and 25

Page 1, line 26, delete everything before the semicolon

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

H. F. No. 2285, A bill for an act relating to constitutional amendments; proposing an amendment to the Minnesota Constitution, article XI; increasing the sales tax rate by three-eighths of one percent and dedicating the receipts for natural resource and cultural heritage purposes; creating a natural heritage fund; creating a parks and trails fund; creating a clean water fund; creating a sustainable drinking water fund; creating an arts and cultural heritage fund; amending Minnesota Statutes 2006, sections 114D.20, subdivision 6; 114D.30, subdivision 6; 114D.45; 297A.62, subdivision 1; 297A.94; 297B.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 85; 97A; 103H; 129D.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Sertich from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 2479, A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 2006, section 523.24, subdivision 9.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

S. F. No. 997, A bill for an act relating to energy; modifying or adding provisions relating to energy conservation improvement programs and funding, electric utility infrastructure cost recovery, the state energy conservation goal, energy savings goals and programs, energy conservation improvement costs recovery and incentive plans, a decoupling rate mechanism for utilities, energy efficiency contracts, energy audit programs, and residential energy covenants; abolishing rules relating to residential energy conservation programs and energy audits of rental buildings; amending Minnesota Statutes 2006, sections 123B.65, subdivision 2; 216B.16, subdivisions 1, 6b; 216B.241; 216C.31; 471.345, subdivision 13; 504B.161, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 216B; 216C; repealing Minnesota Statutes 2006, sections 216B.165; 216C.27; 216C.30, subdivision 5; Minnesota Rules, parts 7635.0100; 7635.0110; 7635.0120; 7635.0130; 7635.0140; 7635.0150; 7635.0160; 7635.0170; 7635.0180; 7635.0200; 7635.0210; 7635.0220; 7635.0230; 7635.0240; 7635.0250; 7635.0260; 7635.0300; 7635.0310; 7635.0320; 7635.0330; 7635.0340; 7635.0400; 7635.0410; 7635.0420; 7635.0500; 7635.0510; 7635.0520; 7635.0530; 7635.0600; 7635.0610; 7635.0620; 7635.0630; 7635.0640; 7635.1000; 7635.1010; 7635.1020; 7635.1030; 7655.0100; 7655.0120; 7655.0200; 7655.0210; 7655.0220; 7655.0230; 7655.0240; 7655.0250; 7655.0260; 7655.0270; 7655.0280; 7655.0290; 7655.0300; 7655.0310; 7655.0320; 7655.0330; 7655.0400; 7655.0410; 7655.0420.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

S. F. No. 1753, A bill for an act relating to airports; creating an advisory task force to study airport funding issues and the state airports fund; requiring a report; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **AIRPORT FUNDING ADVISORY TASK FORCE.**

Subdivision 1. **Task force established.** An advisory task force on airport funding issues is established to study and make recommendations regarding the best methods for funding airports in the state and the state airports fund. The task force shall study:

(1) the adequacy of current sources of revenue for the state airports fund and airports in the state;

(2) policy considerations regarding the use of the sales tax on aircraft as a potential source of revenue for airports;

(3) how other states fund airports;

(4) projected aviation needs of the future, including required investments in aviation infrastructure;

(5) aircraft registration taxes; and

(6) other issues relating to the funding of airports as determined by the task force.

Subd. 2. **Membership.** (a) The task force is comprised of the following members:

(1) two members of the senate tax committee, appointed by the chair of the tax committee; and

(2) two members of the house of representatives tax committee, appointed by the chair of the tax committee.

The appointing authorities must select members based on knowledge and experience in taxes or aviation funding issues. All appointments required by this paragraph must be completed by September 1, 2007. The chair of the task force shall be elected by the members appointed by the chairs of the house of representatives and senate tax committees at the first meeting of the task force.

(b) The chair of the task force may appoint additional nonvoting members to the task force, including, but not limited to, representatives of the following organizations or entities:

(1) a person appointed by the commissioner from the Department of Transportation Office of Aeronautics;

(2) the Aircraft Owners and Pilots Association;

(3) the Experimental Aircraft Association/ACAA;

(4) the Metropolitan Airports Commission;

(5) the Minnesota Aviation Trades Association;

(6) the Minnesota Business Aviation Association;

(7) the Minnesota Council of Airports;

(8) the Minnesota Seaplane Pilots Association;

(9) the National Business Aviation Association; and

(10) municipalities that own or operate airports.

(c) The director of the Office of Aeronautics in the Department of Transportation shall convene the first meeting of the task force.

Subd. 3. **Report.** By February 15, 2008, the task force shall report its recommendations to the chairs of the legislative committees with jurisdiction over airports and aviation issues and to the legislature as required by Minnesota Statutes, section 3.195.

Subd. 4. **Expenses.** Per diem and expenses for legislative members of the task force are as provided for under Minnesota Statutes, section 15.059. Other members of the task force may not receive per diem or expenses.

Subd. 5. **Expiration.** This section expires after the submission of the report as required under subdivision 3.

Sec. 2. WILLMAR AIRPORT.

(a) Notwithstanding any law, rule, or agreement to the contrary, the commissioner of transportation may enter into an agreement with the city of Willmar to allow funds granted by the state for land acquisition purposes at the city's former airport to instead be used by June 30, 2012, as the state's share of funds for eligible aeronautical purposes at the city's new airport.

(b) Funds not spent pursuant to paragraph (a) by June 30, 2012, must be paid to the commissioner of transportation and deposited in the state airports fund.

Sec. 3. APPROPRIATION.

\$200,000 is appropriated from the state airports fund in fiscal year 2008 to the Legislative Coordinating Commission for the administrative expenses of the task force created in section 1 and for other costs relating to the preparation of the report required under section 1, including the costs of hiring a consultant, if needed. Any remaining amount of this appropriation shall revert to the state airports fund.

Sec. 4. EFFECTIVE DATE.

Sections 1 and 3 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to airports; creating an advisory task force to study airport funding issues and the state airports fund; authorizing agreement relating to Willmar airport; requiring a report; appropriating money."

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1978 and 2479 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 997 and 1753 were read for the second time.

Simon moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Juhnke.

Atkins was excused between the hours of 7:00 p.m. and 10:20 p.m.

There being no objection, the order of business reverted to Reports of Standing Committees and Divisions.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 2285, A bill for an act relating to constitutional amendments; proposing an amendment to the Minnesota Constitution, article XI; increasing the sales tax rate by three-eighths of one percent and dedicating the receipts for natural resource and cultural heritage purposes; creating a natural heritage fund; creating a parks and trails fund; creating a clean water fund; creating a sustainable drinking water fund; creating an arts and cultural heritage fund; amending Minnesota Statutes 2006, sections 114D.20, subdivision 6; 114D.30, subdivision 6; 114D.45; 297A.62, subdivision 1; 297A.94; 297B.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 85; 97A; 103H; 129D.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

CALENDAR FOR THE DAY

S. F. No. 563 was reported to the House.

Bly moved to amend S. F. No. 563, the first engrossment, as follows:

Page 1, delete section 1

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 563, A bill for an act relating to energy; requiring development of an economic strategy to maximize state economic development benefits from the renewable electric energy industry; regulating the Legislative Electric Energy Task Force; amending Minnesota Statutes 2006, section 216C.051, subdivision 9.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 106 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Abeler	Dominguez	Huntley	Mahoney	Paulsen	Swails
Anderson, S.	Doty	Jaros	Mariani	Paymar	Thao
Anzenc	Eken	Johnson	Marquart	Pelowski	Thissen
Benson	Erhardt	Juhnke	Masin	Peterson, A.	Tillberry
Berns	Faust	Kahn	McFarlane	Peterson, N.	Tingelstad
Bigham	Finstad	Kalin	McNamara	Peterson, S.	Tschumper
Bly	Fritz	Knuth	Moe	Poppe	Urdahl
Brod	Gardner	Koenen	Morgan	Rukavina	Wagenius
Brown	Greiling	Kranz	Morrow	Ruth	Walker
Brynaert	Hansen	Laine	Mullery	Ruud	Ward
Bunn	Hausman	Lenczewski	Murphy, E.	Sailer	Wardlow
Carlson	Haws	Lesch	Murphy, M.	Seifert	Welti
Clark	Heidgerken	Liebling	Nelson	Sertich	Westrom
Cornish	Hilstrom	Lieder	Nornes	Simon	Winkler
Davnie	Hilty	Lillie	Norton	Slawik	Wollschlager
Demmer	Hornstein	Loeffler	Olin	Slocum	Spk. Kelliher
Dill	Hortman	Madore	Otremba	Smith	
Dittrich	Hosch	Magnus	Ozment	Solberg	

Those who voted in the negative were:

Anderson, B.	Dettmer	Gottwalt	Hoppe	Peppin	Zellers
Beard	Eastlund	Gunther	Howes	Severson	
Buesgens	Emmer	Hackbarth	Kohls	Shimanski	
Dean	Erickson	Hamilton	Lanning	Simpson	
DeLaForest	Garofalo	Holberg	Olson	Sviggum	

The bill was passed, as amended, and its title agreed to.

S. F. No. 1556, A bill for an act relating to state government; changing terminology for Office of Enterprise Technology; amending Minnesota Statutes 2006, sections 16E.15, subdivision 2; 16E.18, subdivisions 2, 3, 7.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Heidgerken	Lesch	Olin	Slawik
Anderson, B.	Dittrich	Hilstrom	Liebling	Olson	Slocum
Anderson, S.	Dominguez	Hilty	Lieder	Otremba	Smith
Anzelc	Doty	Holberg	Lillie	Ozment	Solberg
Beard	Eastlund	Hoppe	Loeffler	Paulsen	Sviggum
Benson	Eken	Hornstein	Madore	Paymar	Swails
Berns	Emmer	Hortman	Magnus	Pelowski	Thao
Bigham	Erhardt	Hosch	Mahoney	Peppin	Thissen
Bly	Erickson	Howes	Mariani	Peterson, A.	Tillberry
Brod	Faust	Huntley	Marquart	Peterson, N.	Tingelstad
Brown	Finstad	Jaros	Masin	Peterson, S.	Tschumper
Brynaert	Fritz	Johnson	McFarlane	Poppe	Urdahl
Buesgens	Gardner	Juhnke	McNamara	Rukavina	Wagenius
Bunn	Garofalo	Kahn	Moe	Ruth	Walker
Carlson	Gottwalt	Kalin	Morgan	Ruud	Ward
Clark	Greiling	Knuth	Morrow	Sailer	Wardlow
Cornish	Gunther	Koenen	Mullery	Seifert	Welti
Davnie	Hackbarth	Kohls	Murphy, E.	Sertich	Westrom
Dean	Hamilton	Kranz	Murphy, M.	Severson	Winkler
DeLaForest	Hansen	Laine	Nelson	Shimanski	Wollschlager
Demmer	Hausman	Lanning	Nornes	Simon	Zellers
Dettmer	Haws	Lenczewski	Norton	Simpson	Spk. Kelliher

The bill was passed and its title agreed to.

S. F. No. 241 was reported to the House.

Mullery, Zellers, Olin and Emmer moved to amend S. F. No. 241, the third engrossment, as follows:

Page 1, line 21, delete everything after the period

Page 1, delete lines 22 and 23

Page 2, delete section 4 and insert:

"Sec. 4. Minnesota Statutes 2006, section 541.051, is amended to read:

541.051 LIMITATION OF ACTION FOR DAMAGES BASED ON SERVICES OR CONSTRUCTION TO IMPROVE REAL PROPERTY.

Subdivision 1. **Limitation; service or construction of real property; improvements.** (a) Except where fraud is involved, no action by any person in contract, tort, or otherwise to recover damages for any injury to property, real or personal, or for bodily injury or wrongful death, arising out of the defective and unsafe condition of an improvement to real property, ~~nor any action for contribution or indemnity for damages sustained on account of the injury,~~ shall be brought against any person performing or furnishing the design, planning, supervision, materials, or observation of construction or construction of the improvement to real property or against the owner of the real property more than two years after discovery of the injury ~~or, in the case of an action for contribution or indemnity, accrual of the cause of action,~~ nor; in any event shall such a cause of action accrue more than ten years after substantial completion of the construction. Date of substantial completion shall be determined by the date when construction is sufficiently completed so that the owner or the owner's representative can occupy or use the improvement for the intended purpose.

(b) Notwithstanding paragraph (a), an action for contribution or indemnity arising out of the defective and unsafe condition of an improvement to real property may be brought no later than two years after the cause of action for contribution or indemnity has accrued, regardless of whether it accrued before or after the ten-year period referenced in paragraph (a).

(c) For purposes of paragraph (a), a cause of action accrues upon discovery of the injury or; provided, however, in the case of an action for contribution or indemnity under paragraph (b), upon a cause of action accrues upon the earlier of commencement of the action against the party seeking contribution or indemnity, or payment of a final judgment, arbitration award, or settlement arising out of the defective and unsafe condition.

~~(e)~~ (d) Nothing in this section shall apply to actions for damages resulting from negligence in the maintenance, operation or inspection of the real property improvement against the owner or other person in possession.

~~(d)~~ (e) The limitations prescribed in this section do not apply to the manufacturer or supplier of any equipment or machinery installed upon real property.

Subd. 2. **Action allowed; limitation.** Notwithstanding the provisions of subdivision 1, paragraph (a), in the case of ~~an~~ a cause of action which accrues during the ninth or tenth year after substantial completion of the construction, an action to recover damages may be brought within two years after the date on which the cause of action accrued, but in no event may such an action be brought more than 12 years after substantial completion of the construction. Nothing in this subdivision shall limit the time for bringing an action for contribution or indemnity.

Subd. 3. **Not construed.** Nothing in this section shall be construed as extending the period prescribed by the laws of this state for the bringing of any action.

Subd. 4. **Applicability.** For the purposes of actions based on breach of the statutory warranties set forth in section 327A.02, or to actions based on breach of an express written warranty, such actions shall be brought within two years of the discovery of the breach. In the case of an action under section 327A.05, which accrues during the ninth or tenth year after the warranty date, as defined in section 327A.01, subdivision 8, an action may be brought within two years of the discovery of the breach, but in no event may an action under section 327A.05 be brought more than 12 years after the effective warranty date. An action for contribution or indemnity arising out of actions described in this subdivision may be brought no later than two years after the earlier of commencement of the action against the party seeking contribution or indemnity, or payment of a final judgment, arbitration award, or settlement arising out of the breach.

EFFECTIVE DATE. This section is effective retroactively from June 30, 2006."

Page 4, line 16, before the period, insert "at the time of sale"

Page 5, line 13, before the period, insert "at the time of sale"

Page 8, line 1, after "interest" insert ", on the amount of the sale in excess of the homestead exemption,"

The motion prevailed and the amendment was adopted.

S. F. No. 241, A bill for an act relating to commerce; prohibiting sale of certain information arising from a mortgage loan application; regulating homestead exemptions and the enforcement of judgments involving the sale of homestead property; providing limitations on actions for damages based on services or construction to improve real property; regulating the redemption of mortgaged lands by creditors; amending Minnesota Statutes 2006, sections 13C.01, by adding a subdivision; 510.02; 510.05; 541.051; 550.175, subdivisions 1, 4, by adding a subdivision; 550.18; 550.19; 550.22; 550.24; 580.24; proposing coding for new law in Minnesota Statutes, chapter 550.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abeler	Dittrich	Hilstrom	Liebling	Olson	Slocum
Anderson, B.	Dominguez	Hilty	Lieder	Otremba	Solberg
Anderson, S.	Doty	Holberg	Lillie	Ozment	Sviggum
Anzelc	Eastlund	Hoppe	Loeffler	Paulsen	Swails
Benson	Eken	Hornstein	Madore	Paymar	Thao
Berns	Emmer	Hortman	Magnus	Pelowski	Thissen
Bigham	Erhardt	Hosch	Mahoney	Peppin	Tillberry
Bly	Erickson	Howes	Mariani	Peterson, A.	Tingelstad
Brod	Faust	Huntley	Marquart	Peterson, N.	Tschumper
Brown	Finstad	Jaros	Masin	Peterson, S.	Urdahl
Brynaert	Fritz	Johnson	McFarlane	Poppe	Wagenius
Buesgens	Gardner	Juhnke	McNamara	Rukavina	Walker
Bunn	Garofalo	Kahn	Moe	Ruth	Ward
Carlson	Gottwalt	Kalin	Morgan	Ruud	Wardlow
Clark	Greiling	Knuth	Morrow	Sailer	Welti
Cornish	Gunther	Koenen	Mullery	Seifert	Westrom
Davnie	Hackbarth	Kohls	Murphy, E.	Sertich	Winkler
Dean	Hamilton	Kranz	Murphy, M.	Severson	Wollschlager
DeLaForest	Hansen	Laine	Nelson	Shimanski	Zellers
Demmer	Hausman	Lanning	Nornes	Simon	Spk. Kelliher
Dettmer	Haws	Lenczewski	Norton	Simpson	
Dill	Heidgerken	Lesch	Olin	Slawik	

Those who voted in the negative were:

Beard Smith

The bill was passed, as amended, and its title agreed to.

S. F. No. 1597, A bill for an act relating to state employees; streamlining the registration process for organizations to participate in the state employee combined charities campaign; amending Minnesota Statutes 2006, sections 16A.134; 43A.04, subdivision 13; proposing coding for new law in Minnesota Statutes, chapter 43A; repealing Minnesota Statutes 2006, section 309.501.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Heidgerken	Lesch	Olin	Slawik
Anderson, B.	Dittrich	Hilstrom	Liebling	Olson	Slocum
Anderson, S.	Dominguez	Hilty	Lieder	Otremba	Smith
Anzenc	Doty	Holberg	Lillie	Ozment	Solberg
Beard	Eastlund	Hoppe	Loeffler	Paulsen	Sviggum
Benson	Eken	Hornstein	Madore	Paymar	Swails
Berns	Emmer	Hortman	Magnus	Pelowski	Thao
Bigham	Erhardt	Hosch	Mahoney	Peppin	Thissen
Bly	Erickson	Howes	Mariani	Peterson, A.	Tillberry
Brod	Faust	Huntley	Marquart	Peterson, N.	Tingelstad
Brown	Finstad	Jaros	Masin	Peterson, S.	Tschumper
Brynaert	Fritz	Johnson	McFarlane	Poppe	Urdahl
Buesgens	Gardner	Juhnke	McNamara	Rukavina	Wagenius
Bunn	Garofalo	Kahn	Moe	Ruth	Walker
Carlson	Gottwalt	Kalin	Morgan	Ruud	Ward
Clark	Greiling	Knuth	Morrow	Sailer	Wardlow
Cornish	Gunther	Koenen	Mullery	Seifert	Welti
Davnie	Hackbarth	Kohls	Murphy, E.	Sertich	Westrom
Dean	Hamilton	Kranz	Murphy, M.	Severson	Winkler
DeLaForest	Hansen	Laine	Nelson	Shimanski	Wollschlager
Demmer	Hausman	Lanning	Nornes	Simon	Zellers
Dettmer	Haws	Lenczewski	Norton	Simpson	Spk. Kelliher

The bill was passed and its title agreed to.

S. F. No. 1533 was reported to the House.

Mullery moved to amend S. F. No. 1533, the second engrossment, as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 1209, the first engrossment:

"Section 1. Minnesota Statutes 2006, section 325N.01, is amended to read:

325N.01 DEFINITIONS.

The definitions in paragraphs (a) to (h) apply to sections 325N.01 to 325N.09.

(a) "Foreclosure consultant" means any person who, directly or indirectly, makes any solicitation, representation, or offer to any owner to perform for compensation or who, for compensation, performs any service which the person in any manner represents will in any manner do any of the following:

(1) stop or postpone the foreclosure sale;

(2) obtain any forbearance from any beneficiary or mortgagee;

(3) assist the owner to exercise the right of reinstatement provided in section 580.30;

(4) obtain any extension of the period within which the owner may reinstate the owner's obligation;

(5) obtain any waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a residence in foreclosure or contained in the mortgage;

(6) assist the owner in foreclosure or loan default to obtain a loan or advance of funds;

(7) avoid or ameliorate the impairment of the owner's credit resulting from the recording of a notice of default or the conduct of a foreclosure sale; or

(8) save the owner's residence from foreclosure.

(b) A foreclosure consultant does not include any of the following:

(1) a person licensed to practice law in this state when the person renders service in the course of his or her practice as an attorney-at-law;

(2) a person licensed as a debt prorater under sections 332.12 to 332.29, when the person is acting as a debt prorater as defined in these sections;

(3) a person licensed as a real estate broker or salesperson under chapter 82 when the person engages in acts whose performance requires licensure under that chapter unless the person is engaged in offering services designed to, or purportedly designed to, enable the owner to retain possession of the residence in foreclosure;

(4) a person licensed as an accountant under chapter 326A when the person is acting in any capacity for which the person is licensed under those provisions;

(5) a person or the person's authorized agent acting under the express authority or written approval of the Department of Housing and Urban Development or other department or agency of the United States or this state to provide services;

(6) a person who holds or is owed an obligation secured by a lien on any residence in foreclosure when the person performs services in connection with this obligation or lien if the obligation or lien did not arise as the result of or as part of a proposed foreclosure reconveyance;

(7) any person or entity doing business under any law of this state, or of the United States relating to banks, trust companies, savings and loan associations, industrial loan and thrift companies, regulated lenders, credit unions, insurance companies, or a mortgagee which is a United States Department of Housing and Urban Development approved mortgagee and any subsidiary or affiliate of these persons or entities, and any agent or employee of these persons or entities while engaged in the business of these persons or entities;

(8) a person licensed as a residential mortgage originator or servicer pursuant to chapter 58, when acting under the authority of that license ~~or a foreclosure purchaser as defined in section 325N.10;~~

(9) a nonprofit agency or organization that offers counseling or advice to an owner of a home in foreclosure or loan default if they do not contract for services with for-profit lenders or foreclosure purchasers; ~~and~~

(10) a judgment creditor of the owner, to the extent that the judgment creditor's claim accrued prior to the personal service of the foreclosure notice required by section 580.03, but excluding a person who purchased the claim after such personal service; and

(11) a foreclosure purchaser as defined in section 325N.10.

(c) "Foreclosure reconveyance" means a transaction involving:

(1) the transfer of title to real property by a foreclosed homeowner during a foreclosure proceeding, either by transfer of interest from the foreclosed homeowner or by creation of a mortgage or other lien or encumbrance during the foreclosure process that allows the acquirer to obtain title to the property by redeeming the property as a junior lienholder; and

(2) the subsequent conveyance, or promise of a subsequent conveyance, of an interest back to the foreclosed homeowner by the acquirer or a person acting in participation with the acquirer that allows the foreclosed homeowner to possess either the residence in foreclosure or any other real property ~~following the completion of the foreclosure proceeding~~, which interest includes, but is not limited to, an interest in a contract for deed, purchase agreement, option to purchase, or lease.

(d) "Person" means any individual, partnership, corporation, limited liability company, association, or other group, however organized.

(e) "Service" means and includes, but is not limited to, any of the following:

(1) debt, budget, or financial counseling of any type;

(2) receiving money for the purpose of distributing it to creditors in payment or partial payment of any obligation secured by a lien on a residence in foreclosure;

(3) contacting creditors on behalf of an owner of a residence in foreclosure;

(4) arranging or attempting to arrange for an extension of the period within which the owner of a residence in foreclosure may cure the owner's default and reinstate his or her obligation pursuant to section 580.30;

(5) arranging or attempting to arrange for any delay or postponement of the time of sale of the residence in foreclosure;

(6) advising the filing of any document or assisting in any manner in the preparation of any document for filing with any bankruptcy court; or

(7) giving any advice, explanation, or instruction to an owner of a residence in foreclosure, which in any manner relates to the cure of a default in or the reinstatement of an obligation secured by a lien on the residence in foreclosure, the full satisfaction of that obligation, or the postponement or avoidance of a sale of a residence in foreclosure, pursuant to a power of sale contained in any mortgage.

(f) "Residence in foreclosure" means residential real property consisting of one to four family dwelling units, one of which the owner occupies as his or her principal place of residence, ~~and against which there is an outstanding notice of pendency of foreclosure, recorded pursuant to section 580.032, or against which a summons and complaint has been served under chapter 581~~ where there is a delinquency or default on any loan payment or debt secured by or attached to the residential real property including, but not limited to, contract for deed payments.

(g) "Owner" means the record owner of the residential real property in foreclosure at the time the notice of pendency was recorded, or the summons and complaint served.

(h) "Contract" means any agreement, or any term in any agreement, between a foreclosure consultant and an owner for the rendition of any service as defined in paragraph (e).

Sec. 2. Minnesota Statutes 2006, section 325N.03, is amended to read:

325N.03 CONTRACT.

(a) Every contract must be in writing and must fully disclose the exact nature of the foreclosure consultant's services and the total amount and terms of compensation.

(b) The following notice, printed in at least 14-point boldface type and completed with the name of the foreclosure consultant, must be printed immediately above the statement required by paragraph (c):

"NOTICE REQUIRED BY MINNESOTA LAW

.....(Name) or anyone working for him or her
CANNOT:

- (1) Take any money from you or ask you for money until(Name) has completely finished doing everything he or she said he or she would do; and
- (2) Ask you to sign or have you sign any lien, mortgage, or deed."

(c) The contract must be written in the same language as principally used by the foreclosure consultant to describe his or her services or to negotiate the contract, must be dated and signed by the owner, and must contain in immediate proximity to the space reserved for the owner's signature a conspicuous statement in a size equal to at least 10-point boldface type, as follows:

"You, the owner, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right."

(d) The notice of cancellation must contain, and the contract must contain on the first page, in a type size no smaller than that generally used in the body of the document, each of the following:

(1) the name and physical address of the foreclosure consultant to which the notice of cancellation is to be mailed or otherwise delivered. A post office box does not constitute a physical address. A post office box may be designated for delivery by mail only if it is accompanied by a physical address at which the notice could be delivered by a method other than mail. An e-mail address may be included, in addition to the physical address; and

(2) the date the owner signed the contract.

(e) Cancellation occurs when the foreclosed homeowner delivers, by any means, written notice of cancellation to the address specified in the contract. If cancellation is mailed, delivery is effective upon mailing. If e-mailed, cancellation is effective upon transmission. The contract must be accompanied by a completed form in duplicate, captioned "notice of cancellation," which must be attached to the contract, must be easily detachable, and must contain in at least 10-point type the following statement written in the same language as used in the contract:

"NOTICE OF CANCELLATION

.....
(Enter date of transaction) (Date)

You may cancel this transaction, without any penalty or obligation, within three business days from the above date.

To cancel this transaction, you may use any of the following methods: (1) mail or otherwise deliver a signed and dated copy of this cancellation notice, or any other written notice of cancellation; or (2) e-mail a notice of cancellation

to
(Name of foreclosure consultant)

at
(Physical address of foreclosure consultant's place of business)

.....
(E-mail address of foreclosure consultant's place of business)

NOT LATER THAN MIDNIGHT OF
(Date)

I hereby cancel this transaction
(Date)

.....
(Owner's signature)"

(f) The foreclosure consultant shall provide the owner with a copy of the contract and the attached notice of cancellation immediately upon execution of the contract.

(g) The three business days during which the owner may cancel the contract shall not begin to run until the foreclosure consultant has complied with this section.

Sec. 3. Minnesota Statutes 2006, section 325N.04, is amended to read:

325N.04 VIOLATIONS.

It is a violation for a foreclosure consultant to:

(1) claim, demand, charge, collect, or receive any compensation until after the foreclosure consultant has fully performed each and every service the foreclosure consultant contracted to perform or represented he or she would perform;

(2) claim, demand, charge, collect, or receive any fee, interest, or any other compensation for any reason which exceeds eight percent per annum of the amount of any loan which the foreclosure consultant may make to the owner. Such a loan must not, as provided in clause (3), be secured by the residence in foreclosure or any other real or personal property;

(3) take any wage assignment, any lien of any type on real or personal property, or other security to secure the payment of compensation. Any such security is void and unenforceable;

(4) receive any consideration from any third party in connection with services rendered to an owner unless the consideration is first fully disclosed to the owner;

(5) acquire any interest, directly or indirectly, or by means of a subsidiary or affiliate in a residence in foreclosure from an owner with whom the foreclosure consultant has contracted;

(6) take any power of attorney from an owner for any purpose, except to inspect documents as provided by law; or

(7) induce or attempt to induce any owner to enter a contract which does not comply in all respects with sections 325N.02 and 325N.03.

Sec. 4. Minnesota Statutes 2006, section 325N.10, subdivision 3, is amended to read:

Subd. 3. **Foreclosure reconveyance.** "Foreclosure reconveyance" means a transaction involving:

(1) the transfer of title to real property by a foreclosed homeowner during a foreclosure proceeding, either by transfer of interest from the foreclosed homeowner or by creation of a mortgage or other lien or encumbrance during the foreclosure process that allows the acquirer to obtain title to the property by redeeming the property as a junior lienholder; and

(2) the subsequent conveyance, or promise of a subsequent conveyance, of an interest back to the foreclosed homeowner by the acquirer or a person acting in participation with the acquirer that allows the foreclosed homeowner to possess either the residence in foreclosure or other real property following the completion of the foreclosure proceeding, which interest includes, but is not limited to, an interest in a contract for deed, purchase agreement, option to purchase, or lease.

Sec. 5. Minnesota Statutes 2006, section 325N.10, subdivision 4, is amended to read:

Subd. 4. **Foreclosure purchaser.** "Foreclosure purchaser" means a person that has acted as the acquirer in ~~more than one~~ a foreclosure reconveyance ~~during any 24 month period~~. Foreclosure purchaser also includes a person that has acted in joint venture or joint enterprise with one or more acquirers in ~~more than one~~ a foreclosure reconveyance ~~during any 24 month period~~. A foreclosure purchaser does not include: (i) a natural person who shows that the natural person is not in the business of foreclosure purchasing and has a prior personal relationship with the foreclosed homeowner, or (ii) a federal or state chartered bank, savings bank, thrift, or credit union is not a foreclosure purchaser.

Sec. 6. Minnesota Statutes 2006, section 325N.10, is amended by adding a subdivision to read:

Subd. 7. **Residence in foreclosure.** "Residence in foreclosure" means residential real property consisting of one to four family dwelling units, one of which the owner occupies as the owner's principal place of residence, where there is a delinquency or default on any loan payment or debt secured by or attached to the residential real property, including, but not limited to, contract for deed payments.

Sec. 7. Minnesota Statutes 2006, section 325N.13, is amended to read:

325N.13 CONTRACT CANCELLATION.

(a) In addition to any other right of rescission, the foreclosed homeowner has the right to cancel any contract with a foreclosure purchaser until midnight of the fifth business day following the day on which the foreclosed homeowner signs a contract that complies with sections 325N.10 to 325N.15 or until 8:00 a.m. on the last day of the period during which the foreclosed homeowner has a right of redemption, whichever occurs first.

(b) Cancellation occurs when the foreclosed homeowner delivers, by any means, written notice of cancellation ~~to the address specified in the contract,~~ provided that, at a minimum, the contract and the notice of cancellation must contain a physical address to which notice of cancellation may be mailed or otherwise delivered. A post office box may be designated for delivery by mail only if it is accompanied by a physical address at which the notice could be delivered by a method other than mail. An e-mail address may be provided in addition to the physical address. If cancellation is mailed, delivery is effective upon mailing. If e-mailed, cancellation is effective upon transmission.

(c) A notice of cancellation given by the foreclosed homeowner need not take the particular form as provided with the contract.

(d) Within ten days following receipt of a notice of cancellation given in accordance with this section, the foreclosure purchaser shall return without condition any original contract and any other documents signed by the foreclosed homeowner.

Sec. 8. Minnesota Statutes 2006, section 325N.14, is amended to read:

325N.14 NOTICE OF CANCELLATION.

(a) The contract must contain in immediate proximity to the space reserved for the foreclosed homeowner's signature a conspicuous statement in a size equal to at least 14-point boldface type, if the contract is printed, or in capital letters, if the contract is typed, as follows:

"You may cancel this contract for the sale of your house without any penalty or obligation at any time before

.....
(Date and time of day)

See the attached notice of cancellation form for an explanation of this right."

The foreclosure purchaser shall accurately enter the date and time of day on which the cancellation right ends.

(b) The contract must be accompanied by a completed form in duplicate, captioned "notice of cancellation" in a size equal to a 12-point boldface type if the contract is printed, or in capital letters, if the contract is typed, followed by a space in which the foreclosure purchaser shall enter the date on which the foreclosed homeowner executes ~~any~~

the contract. This form must be attached to the contract, must be easily detachable, and must contain in type of at least 10 points, if the contract is printed or in capital letters if the contract is typed, the following statement written in the same language as used in the contract:

"NOTICE OF CANCELLATION

.....
(Enter date contract signed)

You may cancel this contract for the sale of your house, without any penalty or obligation, at any time before

.....
(Enter date and time of day)

To cancel this transaction, ~~personally~~ you may use any of the following methods: (1) mail or otherwise deliver a signed and dated copy of this cancellation notice; or (2) e-mail a notice of cancellation to

.....
(Name of purchaser)

at
(~~Street~~ Physical address of purchaser's place of business)

.....
(E-mail address of foreclosure consultant's place of business)

NOT LATER THAN
(Enter date and time of day)

I hereby cancel this transaction
(Date)

.....
(Seller's signature)"

(c) The foreclosure purchaser shall provide the foreclosed homeowner with a copy of the contract and the attached notice of cancellation at the time the contract is executed by all parties.

(d) The five business days during which the foreclosed homeowner may cancel the contract must not begin to run until all parties to the contract have executed the contract and the foreclosure purchaser has complied with this section.

Sec. 9. Minnesota Statutes 2006, section 325N.17, is amended to read:

325N.17 PROHIBITED PRACTICES.

A foreclosure purchaser shall not:

(a) enter into, or attempt to enter into, a foreclosure reconveyance with a foreclosed homeowner unless:

(1) the foreclosure purchaser verifies and can demonstrate that the foreclosed homeowner has a reasonable ability to pay for the subsequent conveyance of an interest back to the foreclosed homeowner. In the case of a lease with an option to purchase, payment ability also includes the reasonable ability to make the lease payments and purchase the property within the term of the option to purchase. There is a rebuttable presumption that a homeowner is reasonably able to pay for the subsequent conveyance if the owner's payments for primary housing expenses and regular principal and interest payments on other personal debt, on a monthly basis, do not exceed 60 percent of the owner's monthly gross income. For the purposes of this section, "primary housing expenses" means the sum of payments for regular principal, interest, rent, utilities, hazard insurance, real estate taxes, and association dues. There is a rebuttable presumption that the foreclosure purchaser has not verified reasonable payment ability if the foreclosure purchaser has not obtained documents other than a statement by the foreclosed homeowner of assets, liabilities, and income;

(2) the foreclosure purchaser and the foreclosed homeowner complete a closing for any foreclosure reconveyance in which the foreclosure purchaser obtains a deed or mortgage from a foreclosed homeowner. For purposes of this section, "closing" means an in-person meeting to complete final documents incident to the sale of the real property or creation of a mortgage on the real property conducted by a closing agent, as defined in section 82.17, who is not employed by or an affiliate of the foreclosure purchaser, or employed by such an affiliate, and who does not have a business or personal relationship with the foreclosure purchaser other than the provision of real estate settlement services;

(3) the foreclosure purchaser obtains the written consent of the foreclosed homeowner to a grant by the foreclosure purchaser of any interest in the property during such times as the foreclosed homeowner maintains any interest in the property; and

(4) the foreclosure purchaser complies with the requirements ~~of~~ for disclosure, loan terms, and conduct in the federal Home Ownership Equity Protection Act, United States Code, title 15, section 1639, or its implementing regulation, Code of Federal Regulations, title 12, sections 226.31 ~~to~~, 226.32, and 226.34, for any foreclosure reconveyance in which the foreclosed homeowner obtains a vendee interest in a contract for deed, regardless of whether the terms of the contract for deed meet the annual percentage rate or points and fees requirements for a covered loan in Code of Federal Regulations, title 12, sections 226.32 (a) and (b);

(b) fail to either:

(1) ensure that title to the subject dwelling has been reconveyed to the foreclosed homeowner; or

(2) make a payment to the foreclosed homeowner such that the foreclosed homeowner has received consideration in an amount of at least 82 percent of the fair market value of the property within 150 days of either the eviction or voluntary relinquishment of possession of the dwelling by the foreclosed homeowner. The foreclosure purchaser shall make a detailed accounting of the basis for the payment amount, or a detailed accounting of the reasons for failure to make a payment, including providing written documentation of expenses, within this 150-day period. The accounting shall be on a form prescribed by the attorney general, in consultation with the commissioner of commerce, without being subject to the rulemaking procedures of chapter 14. For purposes of this provision, the following applies:

(i) there is a rebuttable presumption that an appraisal by a person licensed or certified by an agency of the federal government or this state to appraise real estate constitutes the fair market value of the property;

(ii) the time for determining the fair market value amount shall be determined in the foreclosure reconveyance contract as either at the time of the execution of the foreclosure reconveyance contract or at resale. If the contract states that the fair market value shall be determined at the time of resale, the fair market value shall be the resale price if it is sold within 120 days of the eviction or voluntary relinquishment of the property by the foreclosed

homeowner. If the contract states that the fair market value shall be determined at the time of resale, and the resale is not completed within 120 days of the eviction or voluntary relinquishment of the property by the foreclosed homeowner, the fair market value shall be determined by an appraisal conducted during this 120-day period and payment, if required, shall be made to the homeowner, but the fair market value shall be recalculated as the resale price on resale and an additional payment amount, if appropriate based on the resale price, shall be made to the foreclosed homeowner within 15 days of resale, and a detailed accounting of the basis for the payment amount, or a detailed accounting of the reasons for failure to make additional payment, shall be made within 15 days of resale, including providing written documentation of expenses. The accounting shall be on a form prescribed by the attorney general, in consultation with the commissioner of commerce, without being subject to the rulemaking procedures of chapter 14;

(iii) "consideration" shall mean any payment or thing of value provided to the foreclosed homeowner, including unpaid rent or contract for deed payments owed by the foreclosed homeowner prior to the date of eviction or voluntary relinquishment of the property, reasonable costs paid to third parties necessary to complete the foreclosure reconveyance transaction, payment of money to satisfy a debt or legal obligation of the foreclosed homeowner, or the reasonable cost of repairs for damage to the dwelling caused by the foreclosed homeowner; or a penalty imposed by a court for the filing of a frivolous claim under section 325N.18, subdivision 6, but

(iv) "consideration" shall not include amounts imputed as a down payment or fee to the foreclosure purchaser, or a person acting in participation with the foreclosure purchaser, incident to a contract for deed, lease, or option to purchase entered into as part of the foreclosure reconveyance, except for reasonable costs paid to third parties necessary to complete the foreclosure reconveyance;

(c) enter into repurchase or lease terms as part of the subsequent conveyance that are unfair or commercially unreasonable, or engage in any other unfair conduct;

(d) represent, directly or indirectly, that:

(1) the foreclosure purchaser is acting as an advisor or a consultant, or in any other manner represents that the foreclosure purchaser is acting on behalf of the homeowner;

(2) the foreclosure purchaser has certification or licensure that the foreclosure purchaser does not have, or that the foreclosure purchaser is not a member of a licensed profession if that is untrue;

(3) the foreclosure purchaser is assisting the foreclosed homeowner to "save the house" or substantially similar phrase; or

(4) the foreclosure purchaser is assisting the foreclosed homeowner in preventing a completed foreclosure if the result of the transaction is that the foreclosed homeowner will not complete a redemption of the property;

(e) make any other statements, directly or by implication, or engage in any other conduct that is false, deceptive, or misleading, or that has the likelihood to cause confusion or misunderstanding, including, but not limited to, statements regarding the value of the residence in foreclosure, the amount of proceeds the foreclosed homeowner will receive after a foreclosure sale, any contract term, or the foreclosed homeowner's rights or obligations incident to or arising out of the foreclosure reconveyance; or

(f) do any of the following until the time during which the foreclosed homeowner may cancel the transaction has fully elapsed:

(1) accept from any foreclosed homeowner an execution of, or induce any foreclosed homeowner to execute, any instrument of conveyance of any interest in the residence in foreclosure;

(2) record with the county recorder or file with the registrar of titles any document, including but not limited to, any instrument of conveyance, signed by the foreclosed homeowner;

(3) transfer or encumber or purport to transfer or encumber any interest in the residence in foreclosure to any third party, provided no grant of any interest or encumbrance is defeated or affected as against a bona fide purchaser or encumbrance for value and without notice of a violation of sections 325N.10 to 325N.18, and knowledge on the part of any such person or entity that the property was "residential real property in foreclosure" does not constitute notice of a violation of sections 325N.10 to 325N.18. This section does not abrogate any duty of inquiry which exists as to rights or interests of persons in possession of the residential real property in foreclosure; or

(4) pay the foreclosed homeowner any consideration.

Sec. 10. Minnesota Statutes 2006, section 325N.18, is amended by adding a subdivision to read:

Subd. 6. **Stay of eviction action.** (a) A court hearing an eviction action against a foreclosed homeowner must issue an automatic stay, without imposition of a bond, if a defendant makes a prima facie showing that the defendant:

(1) has (i) commenced an action concerning a foreclosure reconveyance; (ii) asserts a defense under section 504B.121 that the property that is the subject of the eviction action is also the subject of a foreclosure reconveyance in violation of sections 325N.10 to 325N.17; or (iii) asserts a claim or affirmative defense of fraud, false pretense, false promise, misrepresentation, misleading statement, or deceptive practice, in connection with a foreclosure reconveyance;

(2) owned the foreclosed residence;

(3) conveyed title to the foreclosed residence to a third party upon a promise that the defendant would be allowed to occupy the foreclosed residence or other real property in which the foreclosure purchaser or a person acting in participation with the foreclosure purchaser has an interest and that the foreclosed residence or other real property would be the subject of a foreclosure reconveyance; and

(4) since the conveyance, has continuously occupied the foreclosed residence or other real property in which the foreclosure purchaser or a person acting in participation with the foreclosure purchaser has an interest.

For purposes of this subdivision, notarized affidavits are acceptable means of proof to meet the defendant's burden. Upon good cause shown, a defendant may request and the court may grant up to an additional two weeks to produce evidence required to make the prima facie showing.

(b) A court may award to a plaintiff a \$500 penalty upon a showing that the defendant filed a frivolous claim or asserted a frivolous defense.

(c) The automatic stay expires upon the later of:

(1) the failure of the foreclosed homeowner to commence an action in a court of competent jurisdiction in connection with a foreclosed reconveyance transaction within 90 days after the issuance of the stay; or

(2) the issuance of an order lifting the stay by a court hearing claims related to the foreclosure reconveyance.

(d) If, after the expiration of the stay or an order lifting the stay, a court finds that the defendant's claim or defense was asserted in bad faith and wholly without merit, the court may impose a sanction against the defendant of \$500 plus reasonable attorney fees.

Sec. 11. Laws 2004, chapter 263, section 26, is amended to read:

Sec. 26. **EFFECTIVE DATE; EXPIRATION.**

Sections 1 to 18, 22, 23, and 25 are effective August 1, 2004, ~~and expire December 31, 2009.~~ Sections 19, 20, 21, and 24 are effective July 1, 2004."

The motion prevailed and the amendment was adopted.

Mullery and Howes moved to amend S. F. No. 1533, the second engrossment, as amended, as follows:

Page 7, line 29, after "box" insert "does not constitute a physical address. A post office box"

The motion prevailed and the amendment was adopted.

Mullery, Olin and Emmer moved to amend S. F. No. 1533, the second engrossment, as amended, as follows:

Page 13, after line 35, insert:

"Sec. 11. Minnesota Statutes 2006, section 510.02, is amended to read:

510.02 AREA AND VALUE; HOW LIMITED.

Subdivision 1. Exemption. The homestead may include any quantity of land not exceeding 160 acres, ~~and not included in the laid out or platted portion of any city. If the homestead is within the laid out or platted portion of a city, its area must not exceed one half of an acre. The value of the homestead exemption.~~ The exemption per homestead, whether the exemption is claimed ~~jointly or individually~~ by one or more debtors, may not exceed ~~\$200,000~~ \$300,000 or, if the homestead is used primarily for agricultural purposes, ~~\$500,000~~ \$750,000, exclusive of the limitations set forth in section 510.05.

Subd. 2. Adjustment of dollar amounts. The dollar amounts in subdivision 1 must change periodically in the manner provided for under section 550.37, subdivision 4a. The commissioner of commerce shall include the changes in the dollar amounts as part of the announcement and publication made under those provisions.

Sec. 12. Minnesota Statutes 2006, section 510.05, is amended to read:

510.05 LIMITATIONS.

~~Such~~ The amount of the homestead exemption shall not be reduced by and shall not extend to any mortgage lawfully obtained thereon, to any valid lien for taxes or assessments, to a claim filed pursuant to section 256B.15 or section 246.53 or, to any charge arising under the laws relating to laborers or material suppliers' liens or to any charge obtained pursuant to a valid waiver of the homestead exemption.

Sec. 13. Minnesota Statutes 2006, section 550.175, subdivision 1, is amended to read:

Subdivision 1. **Order directing sale of real property.** The executing creditor must obtain an order from the court directing a sale of the real property that includes a homestead before service of the notice of execution on real property containing the homestead of the debtor. The order shall contain the following findings:

(1) whether the real property is the homestead of a nondebtor;

(2) the amount of the debtor's homestead exemption, if any; and

(3) whether the fair market value of the real property exceeds the sum of the debtor's homestead exemption and the present encumbrances.

If the court finds that there is no nondebtor with a valid homestead interest in the real property and that the fair market value of the homestead real property exceeds the sum of the debtor's homestead exemption and the present encumbrances, the court shall order a sale of the real property for cash or cash equivalents to the extent of the homestead exemption at the time of sale.

Subd. 1a. Notification of homestead designation. If real property is to be sold on execution and the property contains a portion of the homestead of the debtor, the debtor must be notified by the executing creditor that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of execution served on the debtor under section 550.19.

Sec. 14. Minnesota Statutes 2006, section 550.175, subdivision 4, is amended to read:

Subd. 4. **Sale of property.** (a) If the sheriff receives a homestead property designation under subdivision 3, the sheriff must offer and sell the designated homestead property, and the remaining property, separately, unless the executing creditor denies the right to the exemption, objects to the property designated, or claims the value exceeds the exemption.

(b) If the executing creditor is dissatisfied with the homestead property designation or the debtor's valuation of the property, upon proper motion to the district court of the county in which any part of the property is located, the executing creditor is entitled to a court approved designation of the homestead and a court determination of value. The court shall either approve the debtor's designation or cause the property to be surveyed and order a homestead designation consistent with the standards of subdivision 3 and require an appraisal of fair market value, as applicable. The court's designation of the homestead property must conform to the debtor's request, to the extent not inconsistent with the standards of subdivision 3.

(c) The court, in determining appraised value, shall review any appraisals provided by the debtor and executing creditor and may require a court appointed independent appraisal. The appraisals shall evaluate the property's fair market value, net of reasonable costs of sale.

(d) If the court determines that the property claimed as a homestead exceeds in value the amount of the homestead exemption or if the court determines that the property cannot be divided without material injury, the court shall order the sale of the entire property, including the designated homestead. ~~Out of the proceeds of the sale, the court shall pay the debtor the amount of the homestead exemption and apply the balance of the proceeds of the sale on the execution~~ for cash or cash equivalents to the extent of the homestead exemption at the time of sale.

(e) At the sale, no bid may be accepted unless it exceeds the amount of the homestead exemption. If no bid exceeds the exemption, the homestead is exempt.

(f) The cost of any court ordered survey or appraisal and of the sale must be collected on the execution, if the debtor designated as the debtor's homestead a greater quantity of property, property of greater value than the debtor was entitled to, or designated a parcel that does not meet the standards of subdivision 3. In all other cases, the costs shall be borne by the executing creditor.

Sec. 15. Minnesota Statutes 2006, section 550.175, is amended by adding a subdivision to read:

Subd. 6. **Real property not subject to execution.** Real property that includes a homestead as defined under section 510.01 is not subject to execution under this chapter if there is a nondebtor with:

(1) homestead rights under sections 507.02 and 510.01 to 510.04;

(2) rights as a joint tenant or life tenant; or

(3) rights to take the homestead under section 524.2-402.

Sec. 16. Minnesota Statutes 2006, section 550.18, is amended to read:

550.18 NOTICE OF SALE.

Before the sale of property on execution notice shall be given as follows:

(1) if the sale be of personal property, by giving ten days posted notice of the time and place thereof;

(2) if the sale be of real property, on execution or on judgment, by six weeks posted and published notice of the time and place thereof, describing the property with sufficient certainty to enable a person of common understanding to identify it; and

(3) A judgment creditor shall record a certified copy of the order directing sale of real property issued pursuant to section 550.175, if the real property is a homestead, with the county recorder or registrar of titles as appropriate in the county in which the real property is located before the first date of publication of the notice of sale required under clause (2).

An officer who sells without such notice shall forfeit \$100 to the party aggrieved, in addition to paying actual damages; and a person who before the sale or the satisfaction of the execution, and without the consent of the parties, takes down or defaces the notice posted, shall forfeit \$50; but the validity of the sale shall not be affected by either act, either as to third persons or parties to the action.

Sec. 17. Minnesota Statutes 2006, section 550.19, is amended to read:

550.19 SERVICE ON JUDGMENT DEBTOR.

~~At or before the time of posting notice of sale, the officer shall serve a copy of the execution and inventory, and of such notice, upon the judgment debtor, if the debtor be a resident of the county, in the manner required by law for the service of a summons in a civil action.~~ A judgment creditor must, at least four weeks before the appointed time of sale, serve a copy of the notice of sale in like manner as a summons in a civil action in the district court upon the judgment debtor if the judgment debtor is a resident of the county and upon any person in possession of the homestead other than the judgment debtor. In addition, the notice of sale must also be served upon all persons who have recorded a request for notice in accordance with section 580.032.

Sec. 18. **[550.206] REPORT OF SALE OF HOMESTEAD ON EXECUTION; CONFIRMATION; RESALE.**

Upon sale of a homestead on execution, the sheriff shall file a report of the sale with the court. Upon the filing of the report of sale, the court shall grant an order confirming the sale, or, if it appears upon due examination that justice has not been done, the court may order a resale on terms the court determines are just. Upon confirmation of the sale and execution of the certificate of sale, the sheriff shall hold the amount of the homestead exemption in trust for the judgment debtor until the debtor vacates the property, or the redemption period expires, whichever occurs first. The balance of the proceeds of the sale shall be applied to the execution. The sheriff shall pay any surplus thereafter in the manner provided in section 580.09.

Sec. 19. Minnesota Statutes 2006, section 550.22, is amended to read:

550.22 CERTIFICATE OF SALE OF REALTY.

When a sale of real property is made upon execution, or pursuant to a judgment or order of a court, unless otherwise specified therein, the officer shall execute and deliver to the purchaser a certificate containing:

- (1) a description of the execution, judgment, or order;
- (2) a description of the property;
- (3) the date of the sale and the name of the purchaser;
- (4) the price paid for each parcel separately;
- (5) if subject to redemption, the time allowed by law therefor;
- (6) the amount of the debtor's homestead exemption, if any, as determined under section 550.175.

Such certificate shall be executed, acknowledged, and recorded in the manner provided by law for a conveyance of real property, shall be prima facie evidence of the facts ~~therein~~ stated, and, upon expiration of the time for redemption, shall operate as a conveyance to the purchaser of all the right, title, and interest of the person whose property is sold in and to the same, at the date of the lien upon which the same was sold. Any person desiring to perpetuate evidence that any real property sold under this section was not homestead real property may procure an affidavit by the person enforcing the judgment, or that person's attorney, or someone having knowledge of the facts, setting forth that the real property was not homestead real property. The affidavit shall be recorded by the county recorder or registrar of titles, and the affidavit and certified copies of the affidavit shall be prima facie evidence of the facts stated in the affidavit.

Sec. 20. Minnesota Statutes 2006, section 550.24, is amended to read:

550.24 REDEMPTION OF REALTY.

(a) Upon the sale of real property, if the estate sold is less than a leasehold of two years' unexpired term, the sale is absolute. In all other cases the property sold, or any portion thereof which has been sold separately, is subject to redemption as provided in this section.

(b) The judgment debtor, the debtor's heirs, successors, legal representatives, or assigns may redeem within one year after the day of sale, or order confirming sale if the property is a homestead, by paying, to the purchaser or the officer making the sale, the amount for which the property was sold with interest at the judgment rate and if the purchaser is a creditor having a prior lien, the amount thereof, with interest, on the amount of the sale in excess of the homestead exemption, at the judgment rate together with any costs as provided in sections 582.03 and 582.031.

(c) If there is no redemption during the debtor's redemption period, creditors having a lien, legal or equitable, on the property or some part thereof, subsequent to that on which it was sold may redeem in the manner provided for redemption by creditors of the mortgagor in section 580.24, in the order of their respective liens.

(d) If the property is abandoned during the judgment debtor's redemption period, the person holding the sheriff's certificate may request that the court reduce the judgment debtor's redemption period to five weeks using the procedures provided for a foreclosure by action in section 582.032, subdivision 5.

Sec. 21. Minnesota Statutes 2006, section 580.24, is amended to read:

580.24 REDEMPTION BY CREDITOR.

(a) If no redemption is made by the mortgagor, the mortgagor's personal representatives or assigns, the most senior creditor having a legal or equitable lien upon the mortgaged premises, or some part of it, subsequent to the foreclosed mortgage, may redeem within seven days after the expiration of the redemption period determined under section 580.23 or 582.032, whichever is applicable; and each subsequent creditor having a lien may redeem, in the order of priority of their respective liens, within seven days after the time allowed the prior lienholder by paying the amount required under this section. However, no creditor is entitled to redeem unless, within the period allowed for redemption by the mortgagor, the creditor:

(1) records with each county recorder and registrar of titles where the foreclosed mortgage is recorded a notice of the creditor's intention to redeem;

(2) records in each office where the notice is recorded all documents necessary to create the lien on the mortgaged premises and to evidence the creditor's ownership of the lien; and

(3) after complying with clauses (1) and (2), delivers to the sheriff who conducted the foreclosure sale or the sheriff's successor in office a copy of each of the documents required to be recorded under clauses (1) and (2), with the office, date and time of filing for record stated on the first page of each document.

The sheriff shall maintain for public inspection all documents delivered to the sheriff and shall note the date of delivery on each document. The sheriff may charge a fee of \$100 for the documents delivered to the sheriff relating to each lien. The sheriff shall maintain copies of documents delivered to the sheriff for a period of six months after the end of the mortgagor's redemption period.

(b) Saturdays, Sundays, legal holidays, and the first day following the expiration of the prior redemption period must be included in computing the seven-day redemption period. When the last day of the period falls on Saturday, Sunday, or a legal holiday, that day must be omitted from the computation. The order of redemption by judgment creditors subsequent to the foreclosed mortgage shall be determined by the order in which their judgments were entered as memorials on the certificate of title for the foreclosed premises or docketed in the office of the district court administrator if the property is not registered under chapter 508 or 508A, regardless of the homestead status of the property. All mechanic's lienholders who have coordinate liens shall have one combined seven-day period to redeem.

(c) The amount required to redeem from the holder of the sheriff's certificate of sale is the amount required under section 580.23. The amount required to redeem from a person holding a certificate of redemption is:

(1) the amount paid to redeem as shown on the certificate of redemption; plus

(2) interest on that amount to the date of redemption; plus

(3) the amount claimed due on the person's lien, as shown on the affidavit under section 580.25, clause (3).

The amount required to redeem may be paid to the holder of the sheriff's certificate of sale or the certificate of redemption, as the case may be, or to the sheriff for the holder."

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1533, A bill for an act relating to commerce; regulating certain transactions with homeowners whose homes are in foreclosure; amending Minnesota Statutes 2006, sections 325N.01; 325N.03; 325N.04; 325N.10, subdivisions 3, 4, by adding a subdivision; 325N.13; 325N.14; 325N.17; 325N.18, by adding a subdivision; Laws 2004, chapter 263, section 26.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Heidgerken	Lesch	Olin	Slawik
Anderson, B.	Dittrich	Hilstrom	Liebling	Olson	Slocum
Anderson, S.	Dominguez	Hilty	Lieder	Otremba	Smith
Anzelc	Doty	Holberg	Lillie	Ozment	Solberg
Beard	Eastlund	Hoppe	Loeffler	Paulsen	Sviggum
Benson	Eken	Hornstein	Madore	Paymar	Swails
Berns	Emmer	Hortman	Magnus	Pelowski	Thao
Bigham	Erhardt	Hosch	Mahoney	Peppin	Thissen
Bly	Erickson	Howes	Mariani	Peterson, A.	Tillberry
Brod	Faust	Huntley	Marquart	Peterson, N.	Tingelstad
Brown	Finstad	Jaros	Masin	Peterson, S.	Tschumper
Brynaert	Fritz	Johnson	McFarlane	Poppe	Urdahl
Buesgens	Gardner	Juhnke	McNamara	Rukavina	Wagenius
Bunn	Garofalo	Kahn	Moe	Ruth	Walker
Carlson	Gottwalt	Kalin	Morgan	Ruud	Ward
Clark	Greiling	Knuth	Morrow	Sailer	Wardlow
Cornish	Gunther	Koenen	Mullery	Seifert	Welti
Davnie	Hackbarth	Kohls	Murphy, E.	Sertich	Westrom
Dean	Hamilton	Kranz	Murphy, M.	Severson	Winkler
DeLaForest	Hansen	Laine	Nelson	Shimanski	Wollschlager
Demmer	Hausman	Lanning	Nornes	Simon	Zellers
Dettmer	Haws	Lenczewski	Norton	Simpson	Spk. Kelliher

The bill was passed, as amended, and its title agreed to.

S. F. No. 837, A bill for an act relating to local government; Hennepin and Wright Counties; authorizing the Hennepin County Board and the Wright County Board to initiate a process for the change of county boundaries by resolution.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abeler	Dill	Heidgerken	Lesch	Olson	Slocum
Anderson, B.	Dittrich	Hilstrom	Liebling	Otremba	Smith
Anderson, S.	Dominguez	Hilty	Lieder	Ozment	Solberg
Anzenc	Doty	Holberg	Lillie	Paulsen	Sviggum
Beard	Eastlund	Hoppe	Loeffler	Paymar	Swails
Benson	Eken	Hornstein	Madore	Pelowski	Thao
Berns	Emmer	Hortman	Magnus	Peppin	Thissen
Bigham	Erhardt	Hosch	Mahoney	Peterson, A.	Tillberry
Bly	Erickson	Howes	Mariani	Peterson, N.	Tingelstad
Brod	Faust	Huntley	Marquart	Peterson, S.	Tschumper
Brown	Finstad	Jaros	Masin	Poppe	Urdahl
Brynaert	Fritz	Johnson	McFarlane	Rukavina	Wagenius
Buesgens	Gardner	Juhnke	McNamara	Ruth	Walker
Bunn	Garofalo	Kahn	Moe	Ruud	Ward
Carlson	Gottwalt	Kalin	Morgan	Sailer	Wardlow
Clark	Greiling	Knuth	Morrow	Seifert	Welti
Cornish	Gunther	Koenen	Mullery	Sertich	Westrom
Davnie	Hackbarth	Kohls	Murphy, E.	Severson	Winkler
Dean	Hamilton	Kranz	Murphy, M.	Shimanski	Wollschlager
DeLaForest	Hansen	Laine	Nornes	Simon	Zellers
Demmer	Hausman	Lanning	Norton	Simpson	Spk. Kelliher
Dettmer	Haws	Lenczewski	Olin	Slawik	

Those who voted in the negative were:

Nelson

The bill was passed and its title agreed to.

Sertich moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Juhnke.

CALENDAR FOR THE DAY, Continued

H. F. No. 1314, A bill for an act relating to commerce; regulating the advertising and conducting of certain live musical performances or productions; proposing coding for new law in Minnesota Statutes, chapter 325E.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 119 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Abeler	Dominguez	Hoppe	Lillie	Ozment	Smith
Anderson, S.	Doty	Hornstein	Loeffler	Paulsen	Solberg
Anzalc	Eken	Hortman	Madore	Paymar	Sviggum
Atkins	Erhardt	Hosch	Magnus	Pelowski	Swails
Benson	Faust	Howes	Mahoney	Peppin	Thao
Berns	Finstad	Huntley	Mariani	Peterson, A.	Thissen
Bigham	Fritz	Jaros	Marquart	Peterson, N.	Tillberry
Bly	Gardner	Johnson	Masin	Peterson, S.	Tingelstad
Brod	Garofalo	Juhnke	McFarlane	Poppe	Tschumper
Brown	Gottwalt	Kahn	McNamara	Rukavina	Urdahl
Brynaert	Greiling	Kalin	Moe	Ruth	Wagenius
Bunn	Gunther	Knuth	Morgan	Ruud	Walker
Carlson	Hamilton	Koenen	Morrow	Sailer	Ward
Clark	Hansen	Kohls	Mullery	Scalze	Wardlow
Cornish	Hausman	Kranz	Murphy, E.	Sertich	Welti
Davnie	Haws	Laine	Murphy, M.	Severson	Winkler
DeLaForest	Heidgerken	Lenczewski	Nelson	Simon	Wollschlager
Demmer	Hilstrom	Lesch	Norton	Simpson	Zellers
Dill	Hilty	Liebling	Olin	Slawik	Spk. Kelliher
Dittrich	Holberg	Lieder	Otremba	Slocum	

Those who voted in the negative were:

Anderson, B.	Dean	Emmer	Lanning	Seifert
Beard	Dettmer	Erickson	Nornes	Shimanski
Buesgens	Eastlund	Hackbarth	Olson	Westrom

The bill was passed and its title agreed to.

S. F. No. 1581 was reported to the House.

Atkins moved to amend S. F. No. 1581, the first engrossment, as follows:

Page 6, line 33, delete "The insurer may accrue" and insert "accruing"

Page 12, line 20, after "Table" insert "corresponding to the valuation table being used for that class"

Page 14, line 10, delete "function" and insert "illustration"

Page 14, line 13, delete "12" and insert "61A.74"

Page 15, line 33, delete "member" and insert "members"

Page 16, line 1, delete "this regulation" and insert "sections 61A.70 to 61A.745"

Page 20, line 21, delete "down" and insert "shown"

Page 22, line 21, after the semicolon, insert "and"

Page 22, line 23, after the comma, insert "if"

Page 22, line 27, after the comma, insert "if"

Page 22, line 30, delete "(b)" and insert "(c)"

Page 23, line 2, delete "(c)" and insert "(d)"

Page 23, line 5, delete "(d)" and insert "(e)"

Page 23, line 15, delete "(e)" and insert "(f)"

Page 23, line 20, delete "(f)" and insert "(g)"

Page 26, after line 22, insert:

"EFFECTIVE DATE. This section is effective the day following final enactment and applies to policies existing, issued, or renewed, on or after that date.

Page 27, after line 14, insert:

"EFFECTIVE DATE. This section is effective the day following final enactment.

Page 28, line 7, delete "and"

Page 28, line 9, delete the period and insert "; and"

Page 28, after line 9, insert:

"(6) a statement that notice given by mail and return of the policy or contract by mail are effective on being postmarked, properly addressed, and postage prepaid."

Page 28, line 24, delete "5 to 14" and insert "6 to 15" and delete "18" and insert "21"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Atkins moved that S. F. No. 1581, the first engrossment, as amended, be temporarily laid over on the Calendar for the Day. The motion prevailed.

H. F. No. 1208 was reported to the House.

Mahoney moved to amend H. F. No. 1208, the fourth engrossment, as follows:

Page 5, line 6, before "326.241" insert "181.723;"

Page 28, line 1, delete "a" and insert "the state's"

Page 103, line 30, after the period, insert "No city or town may require a license for persons performing building sewer or water service installation who have completed pipe laying training as prescribed by the commissioner of labor and industry."

Page 104, line 6, strike "commissioner" and before the period, insert "Plumbing Board"

Page 104, delete section 7

Page 105, delete lines 7 to 24 and insert:

"Subdivision 1. **License required; master and journeyman plumbers.** ~~In any city now or hereafter having 5,000 or more population, according to the last federal census, and having a system of waterworks or sewerage, (a)~~ No person, ~~firm, or corporation~~ shall engage in or work at the business of a master plumber ~~or, restricted master plumber, journeyman plumber, and restricted journeyman plumber~~ unless licensed to do so by the state commissioner ~~of health~~. A license is not required for individuals performing building sewer or water service installation who have completed pipe laying training as prescribed by the commissioner of labor and industry. A master plumber may also work as a journeyman plumber, a restricted journeyman plumber, and a restricted master plumber. A journeyman plumber may also work as a restricted journeyman plumber. Anyone not so licensed may do plumbing work which complies with the provisions of the minimum ~~standard standards~~ prescribed by the ~~state commissioner of health~~ Plumbing Board on premises or that part of premises owned and actually occupied by the worker as a residence, unless otherwise forbidden to do so by a local ordinance.

~~In any such city (b)~~ No person, ~~firm, or corporation~~ shall engage in the business of planning, superintending, or installing plumbing ~~nor or shall~~ install plumbing in connection with the dealing in and selling of plumbing material and supplies unless at all times a licensed master plumber, or in cities and towns with a population of fewer than 5,000 according to the federal census, a restricted master plumber, who shall be responsible for proper installation, is in charge of the plumbing work of the person, firm, or corporation.

~~The Department of Health shall prescribe rules, not inconsistent herewith, for the examination and licensing of plumbers."~~

Page 106, delete section 10

Page 108, line 1, strike "commissioner" and insert "Plumbing Board"

Page 108, delete section 12

Page 111, delete section 15

Page 111, line 27, after the first "examination" insert "developed and administered" and strike "examiners" and insert "commissioner, based upon rules adopted by the Plumbing Board."

Page 199, line 15, after "Industry" insert "for safety codes and services"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Mahoney moved to amend H. F. No. 1208, the fourth engrossment, as amended, as follows:

Page 151, after line 35, insert:

"Sec. 29. Minnesota Statutes 2006, section 541.051, is amended to read:

541.051 LIMITATION OF ACTION FOR DAMAGES BASED ON SERVICES OR CONSTRUCTION TO IMPROVE REAL PROPERTY.

Subdivision 1. **Limitation; service or construction of real property; improvements.** (a) Except where fraud is involved, no action by any person in contract, tort, or otherwise to recover damages for any injury to property, real or personal, or for bodily injury or wrongful death, arising out of the defective and unsafe condition of an improvement to real property, ~~nor any action for contribution or indemnity for damages sustained on account of the injury,~~ shall be brought against any person performing or furnishing the design, planning, supervision, materials, or observation of construction or construction of the improvement to real property or against the owner of the real property more than two years after discovery of the injury ~~or, in the case of an action for contribution or indemnity, accrual of the cause of action,~~ nor, in any event shall such a cause of action accrue more than ten years after substantial completion of the construction. Date of substantial completion shall be determined by the date when construction is sufficiently completed so that the owner or the owner's representative can occupy or use the improvement for the intended purpose.

(b) Notwithstanding paragraph (a), an action for contribution or indemnity arising out of the defective and unsafe condition of an improvement to real property may be brought no later than two years after the cause of action for contribution or indemnity has accrued, regardless of whether it accrued before or after the ten-year period referenced in paragraph (a).

~~(c)~~ (c) For purposes of paragraph (a), a cause of action accrues upon discovery of the injury ~~or,~~ provided that in the case of an action for contribution or indemnity under paragraph (b), upon a cause of action accrues upon the earlier of commencement of the action against the party seeking contribution or indemnity, or payment of a final judgment, arbitration award, or settlement arising out of the defective and unsafe condition.

~~(d)~~ (d) Nothing in this section shall apply to actions for damages resulting from negligence in the maintenance, operation or inspection of the real property improvement against the owner or other person in possession.

~~(e)~~ (e) The limitations prescribed in this section do not apply to the manufacturer or supplier of any equipment or machinery installed upon real property.

Subd. 2. **Action allowed; limitation.** Notwithstanding the provisions of subdivision 1, paragraph (a), in the case of ~~an~~ a cause of action which accrues during the ninth or tenth year after substantial completion of the construction, an action to recover damages may be brought within two years after the date on which the cause of action accrued, but in no event may such an action be brought more than 12 years after substantial completion of the construction. Nothing in this subdivision shall limit the time for bringing an action for contribution or indemnity.

Subd. 3. **Not construed.** Nothing in this section shall be construed as extending the period prescribed by the laws of this state for the bringing of any action.

Subd. 4. **Applicability.** For the purposes of actions based on breach of the statutory warranties set forth in section 327A.02, or to actions based on breach of an express written warranty, such actions shall be brought within two years of the discovery of the breach. In the case of an action under section 327A.05, which accrues during the ninth or tenth year after the warranty date, as defined in section 327A.01, subdivision 8, an action may be brought within two years of the discovery of the breach, but in no event may an action under section 327A.05 be brought more than 12 years after the effective warranty date. An action for contribution or indemnity arising out of actions described in this subdivision may be brought no later than two years after the earlier of commencement of the action against the party seeking contribution or indemnity, or payment of a final judgment, arbitration award, or settlement arising out of the breach.

EFFECTIVE DATE. This section is effective retroactive to June 30, 2006."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Westrom, Demmer, Nornes, Cornish, Magnus, Sviggum, Finstad and Zellers moved to amend H. F. No. 1208, the fourth engrossment, as amended, as follows:

Pages 109 and 110, delete section 13

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Westrom et al amendment and the roll was called. There were 52 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Abeler	Brod	Dettmer	Erickson	Gunther	Hoppe
Anderson, B.	Buesgens	Doty	Faust	Hackbarth	Kalin
Anderson, S.	Cornish	Eastlund	Finstad	Hamilton	Kohls
Beard	DeLaForest	Emmer	Garofalo	Heidgerken	Lanning
Berns	Demmer	Erhardt	Gottwalt	Holberg	Lesch

Magnus	Olson	Ruth	Simpson	Tschumper	Westrom
McFarlane	Otremba	Seifert	Smith	Urdahl	Zellers
McNamara	Paulsen	Severson	Sviggum	Wardlow	
Nornes	Peppin	Shimanski	Tingelstad	Welti	

Those who voted in the negative were:

Anzenc	Eken	Jaros	Mahoney	Paymar	Solberg
Atkins	Fritz	Johnson	Mariani	Pelowski	Swails
Benson	Gardner	Juhnke	Marquart	Peterson, A.	Thao
Bigham	Greiling	Kahn	Masin	Peterson, N.	Thissen
Bly	Hansen	Knuth	Moe	Peterson, S.	Tillberry
Brown	Hausman	Koenen	Morgan	Poppe	Wagenius
Brynaert	Haws	Kranz	Morrow	Rukavina	Walker
Bunn	Hilstrom	Laine	Mullery	Ruud	Ward
Carlson	Hilty	Lenczewski	Murphy, E.	Sailer	Winkler
Clark	Hornstein	Liebling	Murphy, M.	Scalze	Wollschlager
Davnie	Hortman	Lieder	Nelson	Sertich	Spk. Kelliher
Dean	Hosch	Lillie	Norton	Simon	
Dittrich	Howes	Loeffler	Olin	Slawik	
Dominguez	Huntley	Madore	Ozment	Slocum	

The motion did not prevail and the amendment was not adopted.

Paulsen moved to amend H. F. No. 1208, the fourth engrossment, as amended, as follows:

Page 168, line 18, delete "and make"

Page 168, line 19, delete "replacements to existing plants"

Page 174, delete line 36

Page 175, delete line 1

Page 175, line 2, delete "unlicensed individuals."

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Paulsen amendment and the roll was called. There were 42 yeas and 91 nays as follows:

Those who voted in the affirmative were:

Abeler	Beard	Buesgens	Demmer	Emmer	Garofalo
Anderson, B.	Berns	Cornish	Dettmer	Erickson	Gottwalt
Anderson, S.	Brod	DeLaForest	Eastlund	Finstad	Gunther

Hackbarth	Hoppe	McFarlane	Peppin	Shimanski	Urdahl
Hamilton	Kohls	Nornes	Ruth	Simpson	Wardlow
Heidgerken	Lanning	Olson	Seifert	Sviggum	Westrom
Holberg	Magnus	Paulsen	Severson	Tingelstad	Zellers

Those who voted in the negative were:

Anzenc	Eken	Jaros	Mahoney	Pelowski	Thao
Atkins	Erhardt	Johnson	Marquart	Peterson, A.	Thissen
Benson	Faust	Juhnke	Masin	Peterson, N.	Tillberry
Bigham	Fritz	Kahn	McNamara	Peterson, S.	Tschumper
Bly	Gardner	Kalin	Moe	Poppe	Wagenius
Brown	Greiling	Knuth	Morgan	Rukavina	Walker
Brynaert	Hansen	Koenen	Morrow	Ruud	Ward
Bunn	Hausman	Kranz	Mullery	Sailer	Welti
Carlson	Haws	Laine	Murphy, E.	Scalze	Winkler
Clark	Hilstrom	Lenczewski	Murphy, M.	Sertich	Wollschlager
Davnie	Hilty	Lesch	Nelson	Simon	Spk. Kelliher
Dean	Hornstein	Liebling	Norton	Slawik	
Dill	Hortman	Lieder	Olin	Slocum	
Dittrich	Hosch	Lillie	Otremba	Smith	
Dominguez	Howes	Loeffler	Ozment	Solberg	
Doty	Huntley	Madore	Paymar	Swails	

The motion did not prevail and the amendment was not adopted.

Pursuant to rule 1.50, Sertich moved that the House be allowed to continue in session after 12:00 midnight. The motion prevailed.

Berns moved to amend H. F. No. 1208, the fourth engrossment, as amended, as follows:

Page 97, line 2, delete "13" and insert "15"

Page 97, line 10, delete "11" and insert "13"

Page 97, line 22, delete "and"

Page 97, line 24, delete the period and insert "; and"

Page 97, after line 24, insert:

"(9) two members shall be public members as defined by section 214.02."

Page 177, line 15, delete "12" and insert "14"

Page 177, line 21, delete "11" and insert "13"

Page 177, line 32, delete "and"

Page 177, line 33, delete the period and insert "; and"

Page 177, after line 33, insert:

"(8) two members shall be public members as defined by section 214.02."

The motion prevailed and the amendment was adopted.

Tingelstad was excused for the remainder of today's session.

H. F. No. 1208, A bill for an act relating to state government; changing provisions for construction codes and licensing provisions; providing penalties and enforcement; modifying provisions relating to the limitation on certain actions; instructing the revisor to renumber certain statutory sections; appropriating money; providing appropriation reductions; amending Minnesota Statutes 2006, sections 16B.04, subdivision 2; 16B.60, subdivisions 4, 7, 8, 11; 16B.61; 16B.615, subdivision 4; 16B.617; 16B.6175; 16B.63; 16B.64, by adding a subdivision; 16B.65; 16B.70; 16B.72; 16B.73; 16B.735; 16B.74, subdivisions 1, 2, by adding subdivisions; 16B.741; 16B.744; 16B.745, subdivisions 1, 4; 16B.747; 16B.748; 16B.76; 31.175; 103I.621, subdivision 3; 144.122; 144.99, subdivision 1; 175.16, subdivision 1; 178.01; 178.02; 178.03, subdivision 3; 178.041, subdivision 1; 183.38; 183.39, subdivision 1; 183.411, subdivision 2; 183.42; 183.45; 183.46; 183.465; 183.466; 183.48; 183.501; 183.505; 183.51; 183.54, subdivisions 1, 3; 183.545, by adding a subdivision; 183.56; 183.57, subdivisions 1, 2, 5, 6; 183.59; 183.60; 183.61, subdivisions 2, 4; 214.01, subdivision 3; 214.04, subdivisions 1, 3; 299F.011, subdivision 1; 325E.37, subdivision 6; 325E.58; 326.01, subdivisions 2, 3, 5, 6, 6a, 6b, 6c, 6e, 6f, 6g, 6j, 6k, 6l, 7, 8, by adding subdivisions; 326.242; 326.243; 326.244, subdivisions 1a, 2, 3, 4, 5, by adding a subdivision; 326.2441; 326.245; 326.248; 326.37; 326.38; 326.39; 326.40; 326.401; 326.405; 326.42; 326.46; 326.461, by adding subdivisions; 326.47; 326.48; 326.50; 326.57, subdivision 1; 326.58; 326.59; 326.60; 326.601; 326.61, subdivisions 1, 2, 3, 4; 326.62; 326.65; 326.83, subdivisions 6, 7, 11, 18, 19, 20; 326.84; 326.841; 326.842; 326.86; 326.87; 326.88; 326.89; 326.90, subdivision 1; 326.91, subdivision 1; 326.92; 326.921; 326.93; 326.94; 326.95, subdivision 2; 326.96; 326.97; 326.975, subdivision 1; 326.992; 327.20, subdivision 1; 327.205; 327.31, subdivisions 2, 3, 4, 7, 15, by adding a subdivision; 327.32, subdivision 8; 327.33, subdivisions 2, 6, 7; 327.34, subdivision 3; 327.35, subdivisions 1, 2; 327A.01, subdivision 2; 327B.01, subdivisions 4, 5, 7, 17, by adding subdivisions; 327B.04, subdivisions 1, 4, 6, 7, 8, by adding a subdivision; 327B.05, subdivision 1; 327B.10; 363A.40, subdivision 1; 462.357, subdivision 6a; 462A.07, subdivision 8; 471.465; 471.466; 471.467; 471.471; 541.051; proposing coding for new law in Minnesota Statutes, chapters 326; 327B; proposing coding for new law as Minnesota Statutes, chapter 326B; repealing Minnesota Statutes 2006, sections 16B.665; 16B.747, subdivision 4; 183.001; 183.02; 183.375, subdivisions 1, 2, 3, 4, 5, 6; 183.41, subdivisions 1, 2, 3, 4; 183.44, subdivisions 1, 2, 3; 183.52; 183.54, subdivision 2; 183.545, subdivision 9; 183.61, subdivisions 1, 3, 5, 6; 326.01, subdivisions 4, 6h, 9, 10, 11, 12, 13; 326.241; 326.242, subdivisions 4, 9, 9a, 9b, 9c, 9d, 9e, 9f, 9g, 9h, 9i, 9j, 9k, 10; 326.244, subdivision 6; 326.246; 326.2461; 326.247; 326.40, subdivision 4; 326.41; 326.44; 326.45; 326.47, subdivision 5; 326.51; 326.52; 326.521; 326.64; 326.83, subdivisions 3, 4, 12, 13; 326.85; 326.875; 326.91, subdivisions 2, 3, 4; 326.945; 326.975; 326.98; 327B.05, subdivisions 2, 3, 4, 5, 6; Minnesota Rules, parts 2809.0230; 2891.0010; 2891.0030; 3800.2650; 3800.3580; 3800.3590; 3800.3630; 3800.3750; 3800.3835; 4715.5600; 4715.5900; 4717.7000, subpart 1, item I; 5225.0880; 5225.8600, subparts 1, 2, 3, 4, 5, 6, 7, 8, 9; 5230.0010; 5230.0020; 5230.0040; 5230.0060, subpart 2; 5230.0100, subparts 1, 3, 4.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 95 yeas and 37 nays as follows:

Those who voted in the affirmative were:

Abeler	Benson	Bly	Bunn	Davnie	Dittrich
Anzenc	Berns	Brown	Carlson	Dean	Dominguez
Atkins	Bigham	Brynaert	Clark	Dill	Doty

Eken	Hortman	Lenczewski	Moe	Peterson, A.	Solberg
Erhardt	Hosch	Lesch	Morgan	Peterson, N.	Swails
Faust	Howes	Liebling	Morrow	Peterson, S.	Thao
Fritz	Huntley	Lieder	Mullery	Poppe	Thissen
Gardner	Jaros	Lillie	Murphy, E.	Rukavina	Tillberry
Greiling	Johnson	Loeffler	Murphy, M.	Ruud	Tschumper
Gunther	Juhnke	Madore	Nelson	Sailer	Wagenius
Hansen	Kahn	Mahoney	Norton	Scalze	Walker
Hausman	Kalin	Mariani	Olin	Sertich	Ward
Haws	Knuth	Marquart	Otremba	Simon	Welti
Hilstrom	Koenen	Masin	Ozment	Slawik	Winkler
Hilty	Kranz	McFarlane	Paymar	Slocum	Wollschlager
Hornstein	Laine	McNamara	Pelowski	Smith	

Those who voted in the negative were:

Anderson, B.	Demmer	Gottwalt	Lanning	Seifert	Westrom
Anderson, S.	Dettmer	Hackbarth	Magnus	Severson	Zellers
Beard	Eastlund	Hamilton	Nornes	Shimanski	
Brod	Emmer	Heidgerken	Olson	Simpson	
Buesgens	Erickson	Holberg	Paulsen	Sviggum	
Cornish	Finstad	Hoppe	Peppin	Urdahl	
DeLaForest	Garofalo	Kohls	Ruth	Wardlow	

The bill was passed, as amended, and its title agreed to.

The Speaker resumed the Chair.

S. F. No. 1581, the first engrossment, as amended, which was temporarily laid over earlier today on the Calendar for the Day, was again reported to the House.

MOTION FOR RECONSIDERATION

Atkins moved that the vote whereby the Atkins amendment to S. F. No. 1581, the first engrossment, was adopted earlier today be now reconsidered. The motion prevailed.

Atkins withdrew his amendment to S. F. No. 1581, the first engrossment.

Atkins moved to amend S. F. No. 1581, the first engrossment, as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 1892, the first engrossment:

"Section 1. Minnesota Statutes 2006, section 60A.351, is amended to read:

60A.351 RENEWAL OF INSURANCE POLICY WITH ALTERED RATES.

If an insurance company licensed to do business in this state offers or purports to offer to renew any commercial liability and/or property insurance policy at less favorable terms as to the dollar amount of coverage or deductibles, higher rates, and/or higher rating plan, the new terms, the new rates and/or rating plan may take effect on the

renewal date of the policy if the insurer has sent to the policyholder notice of the new terms, new rates and/or rating plan at least ~~60~~ 30 days prior to the expiration date. If the insurer has not so notified the policyholder, the policyholder may elect to cancel the renewal policy within the 60-day period after receipt of the notice. Earned premium for the period of coverage, if any, shall be calculated pro rata upon the prior rate. This section does not apply to ocean marine insurance, accident and health insurance, reinsurance, and coverage under the federal Terrorism Risk Insurance Act.

This section does not apply if the change relates to guide "a" rates or excess rates also known as "consent to rates" or if there has been any change in the risk insured.

Sec. 2. Minnesota Statutes 2006, section 61A.072, is amended to read:

61A.072 POLICIES WITH ACCELERATED BENEFITS.

Subdivision 1. ~~**Disclosure.** A life insurance contract or supplemental contract that contains a provision to permit the accelerated payment of benefits as authorized under section 60A.06, subdivision 1, clause (4), must contain the following disclosure: "This is a life insurance policy which pays accelerated death benefits at your option under conditions specified in the policy. This policy is not a long-term care policy meeting the requirements of sections 62A.46 to 62A.56 or chapter 62S."~~

~~Subd. 4. **Long-term care expenses.** If the right to receive accelerated benefits is contingent upon the insured receiving long-term care services, the contract or supplemental contract shall include the following provisions:~~

~~(1) the minimum accelerated benefit shall be \$1,200 per month if the insured is receiving nursing facility services and \$750 per month if the insured is receiving home services with a minimum lifetime benefit limit of \$50,000;~~

~~(2) coverage is effective immediately and benefits shall commence with the receipt of services as defined in section 62A.46, subdivision 3, 4, or 5, or 62S.01, subdivision 25, but may include a waiting period of not more than 90 days, provided that no more than one waiting period may be required per benefit period as defined in section 62A.46, subdivision 11;~~

~~(3) premium shall be waived during any period in which benefits are being paid to the insured during confinement to a nursing home facility;~~

~~(4) coverage may not be canceled or renewal refused except on the grounds of nonpayment of premium;~~

~~(5) coverage must include preexisting conditions during the first six months of coverage if the insured was not diagnosed or treated for the particular condition during the 90 days immediately preceding the effective date of coverage;~~

~~(6) coverage must include mental or nervous disorders which have a demonstrable organic cause such as Alzheimer's and related dementias;~~

~~(7) no prior hospitalization requirement shall be allowed unless a similar requirement is allowed by section 62A.48, subdivision 1, or 62S.06; and~~

~~(8) the contract shall include a cancellation provision that meets the requirements of section 62A.50, subdivision 2, or 62S.07.~~

~~Subd. 5. **Exclusion.** Subdivision 4 does not apply to contracts or supplemental contracts granting the right to receive accelerated benefits if (1) one of the options for payment provides for lump-sum payment; (2) no conditions or restrictions are imposed on the use of the funds by the insured; and (3) the offeree or insured is given written notice at the time the contract or supplemental contract is offered or sold that (i) Minnesota law sets minimum requirements for life insurance contracts where the right to receive accelerated benefits is contingent upon the insured receiving long term care services, and (ii) the contract or supplemental contract being offered or sold does not meet those minimum requirements.~~

~~Subd. 6. **Accelerated benefits Definitions.** (a) "Accelerated benefits" covered under this section are benefits payable under the life insurance contract:~~

~~(1) to a policyholder or certificate holder, during the lifetime of the insured, in the anticipation of death or upon the occurrence of a specified life-threatening or catastrophic condition as defined by the policy or rider;~~

~~(2) that reduce the death benefit otherwise payable under the life insurance contract; and~~

~~(3) that are payable upon the occurrence of a single qualifying event that results in the payment of a benefit amount fixed at the time of acceleration.~~

~~(b) "Qualifying event" means one or more of the following:~~

~~(1) a medical condition that would result in a drastically limited life span as specified in the contract;~~

~~(2) a medical condition that has required or requires extraordinary medical intervention, such as, but not limited to, major organ transplant or continuous artificial life support without which the insured would die;~~

~~(3) a condition that usually requires continuous confinement in an eligible institution as defined in the contract if the insured is expected to remain there for the rest of the insured's life;~~

~~(4) a long term care illness or physical condition that results in cognitive impairment or the inability to perform the activities of daily life or the substantial and material duties of any occupation medical condition that would, in the absence of extensive or extraordinary medical treatment, result in a drastically limited life span. Such conditions may include, but are not limited to, one or more of the following:~~

~~(i) coronary artery disease resulting in an acute infarction or requiring surgery;~~

~~(ii) permanent neurological deficit resulting from cerebral vascular accident;~~

~~(iii) end stage renal failure;~~

~~(iv) Acquired Immune Deficiency Syndrome; or~~

~~(v) other medical conditions that the commissioner shall approve for any particular filing; or~~

~~(5) other qualifying events that the commissioner approves for a particular filing.~~

~~Subd. 2. **Type of product.** Accelerated benefit riders and life insurance policies with accelerated benefit provisions are primarily mortality risks rather than morbidity risks. They are life insurance benefits subject to this chapter.~~

Subd. 3. **Assignee or beneficiary.** Before paying the accelerated benefit, the insurer is required to obtain from an assignee or irrevocable beneficiary a signed acknowledgment of concurrence for payout. If the insurer making the accelerated benefit is itself the assignee under the policy, no acknowledgment is required.

Subd. 4. **Criteria for payment.** (a) Contract payment options shall include the option to take the benefit as a lump sum. The benefit shall not be made available as an annuity contingent upon the life of the insured.

(b) No restrictions are permitted on the use of the proceeds.

(c) If any death benefit remains after payment of an accelerated benefit, the accidental death benefit provision, if any, in the policy or rider shall not be affected by the payment of the accelerated benefit.

Subd. 5. **Disclosures.** (a) The terminology "accelerated benefit" shall be included in the descriptive title. Products regulated under this section shall not be described or marketed as long-term care insurance or as providing long-term care benefits.

(b) A disclosure statement is required at the time of application for the policy or rider and at the time the accelerated benefit payment request is submitted that receipt of these accelerated benefits may be taxable and that assistance should be sought from a personal tax advisor. The disclosure statement shall be prominently displayed on the first page of the policy or rider and any other related documents.

(c)(1) A written disclosure including, but not necessarily limited to, a brief description of the accelerated benefit and definitions of the conditions or occurrences triggering payment of the benefits shall be given to the applicant. The description shall include an explanation of any effect of the payment of a benefit on the policy's cash value, accumulation account, death benefit, premium, policy loans, and policy liens.

(i) In the case of agent solicited insurance, the agent shall provide the disclosure form to the applicant prior to or concurrently with the application. Acknowledgment of the disclosure shall be signed by the applicant and writing agent.

(ii) In the case of a solicitation by direct response methods, the insurer shall provide the disclosure form to the applicant at the time the policy is delivered, with a notice that a full premium refund shall be received if the policy is returned to the company within the free look period.

(iii) In the case of group insurance policies, the disclosure form shall be contained as part of the certificate of coverage or any related document furnished by the insurer for the certificate holder.

(2) If there is a premium or cost of insurance charge, the insurer shall give the applicant a generic illustration numerically demonstrating any effect of the payment of a benefit on the policy's cash value, accumulation account, death benefit, premium, policy loans, and policy liens.

(i) In the case of agent-solicited insurance, the agent shall provide the illustration to the applicant prior to or concurrently with the application.

(ii) In the case of a solicitation by direct response methods, the insurer shall provide the illustration to the applicant at the time the policy is delivered.

(iii) In the case of group insurance policies, the disclosure form shall be contained as part of the certificate of coverage or any related document furnished by the insurer for the certificate holder.

(3) Disclosure of premium charge.

(i) An insurer with financing options other than as described in subdivision 9, paragraph (a), clauses (2) and (3), shall disclose to the policy owner any premium or cost of insurance charge for the accelerated benefit. The insurer shall make a reasonable effort to assure that the certificate holder is aware of any additional premium or cost of insurance charge if the certificate holder is required to pay a charge.

(ii) An insurer shall furnish an actuarial demonstration to the state insurance department when filing the product disclosing the method of arriving at its cost for the accelerated benefit.

(4) The insurer shall disclose to the policy owner any administrative expense charge. The insurer shall make a reasonable effort to assure that the certificate holder is aware of any administrative expense charge if the certificate holder is required to pay the charge.

(d) When a policy owner or certificate holder requests an acceleration, the insurer shall send a statement to the policy owner or certificate holder and irrevocable beneficiary showing any effect that the payment of the accelerated benefit will have on the policy's cash value, accumulation account, death benefit, premium, policy loans, and policy liens. The statement shall disclose that receipt of accelerated benefit payments may adversely affect the recipient's eligibility for Medicaid or other government benefits or entitlements. In addition, receipt of an accelerated benefit payment may be taxable and assistance should be sought from a personal tax advisor. When a previous disclosure statement becomes invalid as a result of an acceleration of the death benefit, the insurer shall send a revised disclosure statement to the policy owner or certificate holder and irrevocable beneficiary. When the insurer agrees to accelerate death benefits, the insurer shall issue an amended schedule page to the policy holder or notify the certificate holder under a group policy to reflect any new reduced in-force face amount of the contract.

Subd. 6. **Effective date of accelerated benefits.** The accelerated benefit provision shall be effective for accidents on the effective date of the policy or rider. The accelerated benefit provision shall be effective for illness no more than 30 days following the effective date of the policy or rider.

Subd. 7. **Waiver of premiums.** The insurer may offer a waiver of premium for the accelerated benefit provision in the absence of a regular waiver of premium provision being in effect. At the time the benefit is claimed, the insurer shall explain any continuing premium requirement to keep the policy in force.

Subd. 8. **Discrimination.** An insurer shall not unfairly discriminate among insureds with differing qualifying events covered under the policy or among insureds with similar qualifying events covered under the policy. An insurer shall not apply further conditions on the payment of the accelerated benefits other than those conditions specified in the policy or rider.

Subd. 9. **Actuarial standards.** (a) The issuer may use the following financing options:

(1) requiring a premium charge or cost of insurance charge for the accelerated benefit. This charge shall be based on sound actuarial principles. In the case of group insurance, the additional cost may also be reflected in the experience rating.

(2) paying a present value of the face amount. The calculation shall be based on any applicable actuarial discount appropriate to the policy design. The interest rate or interest rate methodology used in the calculation shall be based on sound actuarial principles and disclosed in the contract or actuarial memorandum. The maximum interest rate used shall be no greater than the greater of:

(i) current yield on 90-day treasury bills; or

(ii) current maximum statutory adjustable policy loan interest rate.

(3) The insurer may accrue an interest charge on the amount of the accelerated benefits. The interest rate or interest rate methodology used in the calculation shall be based on sound actuarial principles and disclosed in the contract or actuarial memorandum. The maximum interest rate shall be no greater than the greater of:

(i) current yield on 90-day treasury bills; or

(ii) current maximum statutory adjustable policy loan interest rate.

The interest rate accrued on the portion of the lien that is equal in amount to the cash value of the contract at the time of the benefit acceleration shall be no more than the policy loan interest rate stated in the contract.

(b)(1) Except as provided in clause (2), when an accelerated benefit is payable, there shall be no more than a pro rata reduction in the cash value based on the percentage of death benefits accelerated to produce the accelerated benefit payment.

(2) Alternatively, the payment of accelerated benefits, any administrative expense charges, any future premiums, and any accrued interest can be considered a lien against the death benefit of the policy or rider and the access to the cash value may be restricted to any excess of the cash value over the sum of any other outstanding loans and the lien. Future access to additional policy loans could also be limited to any excess of the cash value over the sum of the lien and any other outstanding policy loans.

(c) When payment of an accelerated benefit results in a pro rata reduction in the cash value, the payment may not be applied toward repaying an amount greater than a pro rata portion of any outstanding policy loans.

Subd. 10. **Actuarial disclosure and reserves.** (a) A qualified actuary should describe the accelerated benefits, the risks, the expected costs, and the calculation of statutory reserves in an actuarial memorandum accompanying each state filing. The insurer shall maintain in its files descriptions of the bases and procedures used to calculate benefits payable under these provisions. These descriptions shall be made available for examination by the commissioner upon request.

(b)(1) When benefits are provided through the acceleration of benefits under group or individual life policies or riders to such policies, policy reserves shall be determined in accordance with the Standard Valuation Law. All valuation assumptions used in constructing the reserves shall be determined as appropriate for statutory valuation purposes by a member in good standing of the American Academy of Actuaries. Mortality tables and interest currently recognized for life insurance reserves by the National Association of Insurance Commissioners (NAIC) may be used as well as appropriate assumptions for the other provisions incorporated in the policy form. The actuary shall follow both actuarial standards and certification for good and sufficient reserves. Reserves in the aggregate should be sufficient to cover:

(i) policies upon which no claim has yet arisen; and

(ii) policies upon which an accelerated claim has arisen.

(2) For policies and certificates that provide actuarially equivalent benefits, no additional reserves need to be established.

(3) Policy liens and policy loans, including accrued interest, represent assets of the company for statutory reporting purposes. For a policy on which the policy lien exceeds the policy's statutory reserve liability, the excess shall be held as a nonadmitted asset.

Subd. 11. **Filing requirement.** The filing and prior approval of forms containing an accelerated benefit is required.

Sec. 3. Minnesota Statutes 2006, section 61A.092, subdivision 6, is amended to read:

Subd. 6. **Application.** This section applies to a policy, certificate of insurance, or similar evidence of coverage issued to a Minnesota resident or issued to provide coverage to a Minnesota resident. This section does not apply to: (1) a certificate of insurance or similar evidence of coverage that meets the conditions of section 61A.093, subdivision 2; or (2) a group life insurance policy that contains a provision permitting the certificate holder, upon termination or layoff from employment, to retain the coverage provided under the employer's group policy or another group policy offered by the insurer by paying premiums directly to the insurer, provided that the employer shall give the employee notice of the employee's and each related certificate holder's right to continue the insurance by paying premiums directly to the insurer. The insurer may reserve the right to increase premium rates after the first 18 months of continued coverage provided for under clause (2). A related certificate holder is an insured spouse or dependent child of the employee. Upon termination of this group policy or at the option of the insured who has continued coverage under clause (2), each covered employee, spouse, and dependent child is entitled to have issued to them a life conversion policy as prescribed in section 61A.09, subdivision 1, paragraph (h).

Sec. 4. Minnesota Statutes 2006, section 61A.25, subdivision 4, is amended to read:

Subd. 4. **Reserve valuation of life insurance and endowment benefits; modified premiums.** (a) Except as otherwise provided in paragraph (b) and subdivisions 4a and 7, reserves according to the commissioners reserve valuation method, for the life insurance and endowment benefits of policies providing for a uniform amount of insurance and requiring the payment of uniform premiums shall be the excess, if any, of the present value at the date of valuation of future guaranteed benefits provided for by the policies over the then present value of any future modified net premiums therefor. The modified net premiums for a policy shall be the uniform percentage of the respective contract premiums for the benefits that the present value, at the date of issue of the policy, of all the modified net premiums shall be equal to the sum of the then present value of the benefits provided for by the policy and the excess of clause (1) over clause (2) as follows:

(1) a net level annual premium equal to the present value, at the date of issue, of the benefits provided for after the first policy year, divided by the present value at the date of issue of an annuity of one per annum payable on the first and each subsequent anniversary of the policy on which a premium falls due; but the net level annual premium shall not exceed the net level annual premium on the 19 year premium whole life plan for insurance of the same amount at an age one year higher than the age at issue of the policy;

(2) a net one year term premium for the benefits provided for in the first policy year.

(b) For a life insurance policy issued on or after January 1, 1985, for which the contract premium in the first policy year exceeds that of the second year and for which no comparable additional benefit is provided in the first year for the excess and which provides an endowment benefit or a cash surrender value or a combination thereof in an amount greater than the excess premium, the reserve according to the commissioners reserve valuation method as of a policy anniversary occurring on or before the assumed ending date defined herein as the first policy anniversary on which the sum of any endowment benefit and any cash surrender value then available is greater than the excess premium shall, except as otherwise provided in subdivision 7, be the greater of the reserve as of the policy anniversary calculated as described in paragraph (a) and the reserve as of the policy anniversary calculated as described in that paragraph, but with the value defined in clause (1) of that paragraph being reduced by 15 percent of the amount of the excess first year premium; all present values of benefits and premiums being determined without reference to premiums or benefits provided for by the policy after the assumed ending date; the policy being assumed to mature on that date as an endowment; and the cash surrender value provided on that date being considered as an endowment benefit. In making the above comparison the mortality and interest bases stated in subdivisions 3 and 3b shall be used.

(c) Reserves according to the commissioners reserve valuation method for (1) life insurance policies providing for a varying amount of insurance or requiring the payment of varying premiums, (2) group annuity and pure endowment contracts purchased under a retirement plan or plan of deferred compensation, established or maintained by an employer, including but not limited to a partnership or sole proprietorship, or by an employee organization, or by both, other than a plan providing individual retirement accounts or individual retirement annuities under Section 408 of the Internal Revenue Code, as amended, (3) disability and accidental death benefits in all policies and contracts, and (4) all other benefits, except life insurance and endowment benefits in life insurance policies and benefits provided by all other annuity and pure endowment contracts, shall be calculated by a method consistent with the principles of paragraphs (a) and (b), except that any extra premiums charged because of impairments or special hazards shall be disregarded in the determination of modified net premiums.

(d) For a universal life insurance policy that guarantees coverage to remain in force as long as the accumulation of premiums paid satisfies a secondary guarantee requirement, reserves according to the commissioners reserve valuation method may be calculated using a lapse assumption only in accordance with and in the circumstances described in the National Association of Insurance Commissioners' accounting practices and procedures manual for policies issued on or after January 1, 2007, and on or before December 31, 2010.

Sec. 5. **[61A.257] PREFERRED MORTALITY TABLES FOR USE IN DETERMINING MINIMUM RESERVE LIABILITIES.**

Subdivision 1. **Definitions.** (a) For the purposes of this section only, the following terms have the meanings given them.

(b) "2001 CSO Mortality Table" means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the American Academy of Actuaries CSO Task Force from the Valuation Basic Mortality Table developed by the Society of Actuaries Individual Life Insurance Valuation Mortality Task Force, and adopted by the NAIC in December 2002. The 2001 CSO Mortality Table is included in the Proceedings of the NAIC (2nd Quarter 2002) and supplemented by the 2001 CSO Preferred Class Structure Mortality Table defined in paragraph (c). Unless the context indicates otherwise, the "2001 CSO Mortality Table" includes both the ultimate form of that table and the select and ultimate form of that table and includes both the smoker and nonsmoker mortality tables and the composite mortality tables. It also includes both the age-nearest-birthday and age-last-birthday bases of the mortality tables. Mortality tables in the 2001 CSO Mortality Table include the following:

(1) "2001 CSO Mortality Table (F)" means that mortality table consisting of the rates of mortality for female lives from the 2001 CSO Mortality Table;

(2) "2001 CSO Mortality Table (M)" means that mortality table consisting of the rates of mortality for male lives from the 2001 CSO Mortality Table;

(3) "composite mortality tables" means mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers; and

(4) "smoker and nonsmoker mortality tables" means mortality tables with separate rates of mortality for smokers and nonsmokers.

(c) "2001 CSO Preferred Class Structure Mortality Table" means mortality tables with separate rates of mortality for Super Preferred Nonsmokers, Preferred Nonsmokers, Residual Standard Nonsmokers, Preferred Smokers, and Residual Standard Smoker splits of the 2001 CSO Nonsmoker and Smoker Tables as adopted by the NAIC at the September 2006 national meeting and published in the NAIC Proceedings (3rd Quarter 2006). Unless the context indicates otherwise, the "2001 CSO Preferred Class Structure Mortality Table" includes both the ultimate form of that table and the select and ultimate form of that table, the smoker and nonsmoker mortality tables, both the male and female mortality tables and the gender composite mortality tables, and both the age-nearest-birthday and age-last-birthday bases of the mortality table.

(d) "Statistical agent" means an entity with proven systems for protecting the confidentiality of individual insured and insurer information; demonstrated resources for and history of ongoing electronic communications and data transfer ensuring data integrity with insurers, which are its members or subscribers; and a history of and means for aggregation of data and accurate promulgation of the experience modifications in a timely manner.

Subd. 2. **2001 CSO Preferred Class Structure Table.** At the election of the insurer, for each calendar year of issue, for any one or more specified plans of insurance and subject to satisfying the conditions stated in this section, the 2001 CSO Preferred Class Structure Mortality Table may be substituted in place of the 2001 CSO Smoker or Nonsmoker Mortality Table as the minimum valuation standard under section 61A.25 for policies issued on or after January 1, 2007. No such election must be made until the insurer demonstrates at least 20 percent of the business to be valued on this table is in one or more of the preferred classes. A table from the 2001 CSO Preferred Class Structure Mortality Table used in place of a 2001 CSO Mortality Table, pursuant to the requirements of this section, will be treated as part of the 2001 CSO Mortality Table only for purposes of reserve valuation pursuant to section 61A.25 and Minnesota Rules, chapter 2748.

Subd. 3. **Conditions.** (a) For each plan of insurance with separate rates for preferred and standard nonsmoker lives, an insurer may use the Super Preferred Nonsmoker, Preferred Nonsmoker, and Residual Standard Nonsmoker Tables to substitute for the Nonsmoker Mortality Table found in the 2001 CSO Mortality Table to determine minimum reserves. At the time of election and annually thereafter, except for business valued under the Residual Standard Nonsmoker Table, the appointed actuary shall certify that:

(1) the present value of death benefits over the next ten years after the valuation date, using the anticipated mortality experience without recognition of mortality improvement beyond the valuation date for each class, is less than the present value of death benefits using the valuation basic table corresponding to the valuation table being used for that class; and

(2) the present value of death benefits over the future life of the contracts, using anticipated mortality experience without recognition of mortality improvement beyond the valuation date for each class, is less than the present value of death benefits using the valuation basic table corresponding to the valuation table being used for that class.

(b) For each plan of insurance with separate rates for preferred and standard smoker lives, an insurer may use the Preferred Smoker and Residual Standard Smoker Tables to substitute for the Smoker Mortality Table found in the 2001 CSO Mortality Table to determine minimum reserves. At the time of election and annually thereafter, for business valued under the Preferred Smoker Table, the appointed actuary shall certify that:

(1) the present value of death benefits over the next ten years after the valuation date, using the anticipated mortality experience without recognition of mortality improvement beyond the valuation date for each class, is less than the present value of death benefits using the Preferred Smoker Valuation Basic Table corresponding to the valuation table being used for that class; and

(2) the present value of death benefits over the future life of the contracts, using anticipated mortality experience without recognition of mortality improvement beyond the valuation date for each class, is less than the present value of death benefits using the Preferred Smoker Valuation Basic Table.

(c) Unless exempted by the commissioner, every authorized insurer using the 2001 CSO Preferred Class Structure Table shall annually file with the commissioner, the NAIC, or a statistical agent designated by the NAIC and acceptable to the commissioner, statistical reports showing mortality and such other information as the commissioner may deem necessary or expedient for the administration of the provisions of this section. The form of the reports shall be established by the commissioner or the commissioner may require the use of a form established by the NAIC or by a statistical agent designated by the NAIC and acceptable to the commissioner.

Sec. 6. **[61A.70] APPLICABILITY AND SCOPE.**

Sections 61A.70 to 61A.745 apply to all group and individual life insurance policies and certificates except:

- (1) variable life insurance;
- (2) individual and group annuity contracts;
- (3) credit life insurance; or
- (4) life insurance policies with no illustrated death benefits on any individual exceeding \$10,000.

Sec. 7. **[61A.705] DEFINITIONS.**

For the purposes of sections 61A.70 to 61A.745:

(a) "Actuarial Standards Board" means the board established by the American Academy of Actuaries to develop and promulgate standards of actuarial practice.

(b) "Contract premium" means the gross premium that is required to be paid under a fixed premium policy, including the premium for a rider for which benefits are shown in the illustration.

(c) "Currently payable scale" means a scale of nonguaranteed elements in effect for a policy form as of the preparation date of the illustration or declared to become effective within the next 95 days.

(d) "Disciplined current scale" means a scale of nonguaranteed elements constituting a limit on illustrations currently being illustrated by an insurer that is reasonably based on actual recent historical experience, as certified annually by an illustration actuary designated by the insurer. Further guidance in determining the disciplined current scale as contained in standards established by the Actuarial Standards Board may be relied upon if the standards:

- (1) are consistent with all provisions of sections 61A.70 to 61A.745;
- (2) limit a disciplined current scale to reflect only actions that have already been taken or events that have already occurred;
- (3) do not permit a disciplined current scale to include any projected trends of improvements in experience or any assumed improvements in experience beyond the illustration date; and
- (4) do not permit assumed expenses to be less than minimum assumed expenses.

(e) "Generic name" means a short title descriptive of the policy being illustrated such as "whole life," "term life," or "flexible premium adjustable life."

(f) "Guaranteed elements" and "nonguaranteed elements" are defined as follows:

(1) "guaranteed elements" means the premiums, benefits, values, credits, or charges under a policy of life insurance that are guaranteed and determined at issue; and

(2) "nonguaranteed elements" means the premiums, benefits, values, credits, or charges under a policy of life insurance that are not guaranteed or not determined at issue.

(g) "Illustrated scale" means a scale of nonguaranteed elements currently being illustrated that is not more favorable to the policy owner than the lesser of:

(1) the disciplined current scale; or

(2) the currently payable scale.

(h) "Illustration" means a presentation or depiction that includes nonguaranteed elements of a policy of life insurance over a period of years and that is one of the three types defined in clauses (1) to (3):

(1) "basic illustration" means a ledger or proposal used in the sale of a life insurance policy that shows both guaranteed and nonguaranteed elements;

(2) "supplemental illustration" means an illustration furnished in addition to a basic illustration that meets the applicable requirements of sections 61A.70 to 61A.745, and that may be presented in a format differing from the basic illustration, but may only depict a scale of nonguaranteed elements that is permitted in a basic function; and

(3) "in-force illustration" means an illustration furnished at any time after the policy that it depicts has been in force for one year or more.

(i) "Illustration actuary" means an actuary meeting the requirements of section 12 who certifies to illustrations based on the standard of practice adopted by the Actuarial Standards Board.

(j) "Lapse-supported illustration" means an illustration of a policy form failing the test of self-supporting as defined in sections 61A.70 to 61A.745, under a modified persistency rate assumption using persistency rates underlying the disciplined current scale for the first five years and 100 percent policy persistency thereafter.

(k)(1) "Minimum assumed expenses" means the minimum expenses that may be used in the calculation of the disciplined current scale for a policy form. The insurer may choose to designate each year the method of determining assumed expenses for all policy forms from the following:

(i) fully allocated expenses;

(ii) marginal expenses; and

(iii) a generally recognized expense table based on fully allocated expenses representing a significant portion of insurance companies and approved by the National Association of Insurance Commissioners or by the commissioner.

(2) Marginal expenses may be used only if greater than a generally recognized expense table. If no generally recognized expense table is approved, fully allocated expenses must be used.

(l) "Nonterm group life" means a group policy or individual policies of life insurance issued to members of an employer group or other permitted group where:

(1) every plan of coverage was selected by the employer or other group representative;

(2) some portion of the premium is paid by the group or through payroll deduction; and

(3) group underwriting or simplified underwriting is used.

(m) "Policy owner" means the owner named in the policy or the certificate holder in the case of a group policy.

(n) "Premium outlay" means the amount of premium assumed to be paid by the policy owner or other premium payer out-of-pocket.

(o) "Self-supporting illustration" means an illustration of a policy form for which it can be demonstrated that, when using experience assumptions underlying the disciplined current scale, for all illustrated points in time on or after the 15th policy anniversary or the 20th policy anniversary for second-or-later-to-die policies (or upon policy expiration if sooner), the accumulated value of all policy cash flows equals or exceeds the total policy owner value available. For this purpose, policy owner value will include cash surrender values and any other illustrated benefit amounts available at the policy owner's election.

Sec. 8. [61A.71] POLICIES TO BE ILLUSTRATED.

(a) Each insurer marketing policies to which sections 61A.70 to 61A.745 are applicable shall notify the commissioner whether a policy form is to be marketed with or without an illustration. For all policy forms being actively marketed on the effective date of sections 61A.70 to 61A.745, the insurer shall identify in writing those forms and whether or not an illustration will be used with them. For policy forms filed after the effective date of sections 61A.70 to 61A.745, the identification must be made at the time of filing. Any previous identification may be changed by notice to the commissioner.

(b) If the insurer identifies a policy form as one to be marketed without an illustration, any use of an illustration for any policy using that form prior to the first policy anniversary is prohibited.

(c) If a policy form is identified by the insurer as one to be marketed with an illustration, a basic illustration prepared and delivered in accordance with sections 61A.70 to 61A.745 is required, except that a basic illustration need not be provided to individual members of a group or to individuals insured under multiple lives coverage issued to a single applicant unless the coverage is marketed to these individuals. The illustration furnished an applicant for a group life insurance policy or policies issued to a single applicant on multiple lives may be either an individual or composite illustration representative of the coverage on the lives of member of the group or the multiple lives covered.

(d) Potential enrollees of nonterm group life subject to this regulation shall be furnished a quotation with the enrollment materials. The quotation must show potential policy values for sample ages and policy years on a guaranteed and nonguaranteed basis appropriate to the group and the coverage. This quotation must not be considered an illustration for purposes of sections 61A.70 to 61A.745, but all information provided shall be consistent with the illustrated scale. A basic illustration must be provided at delivery of the certificate to enrollees for nonterm group life who enroll for more than the minimum premium necessary to provide pure death benefit protection. In addition, the insurer shall make a basic illustration available to any nonterm group life enrollee who requests it.

Sec. 9. [61A.715] GENERAL RULES AND PROHIBITIONS.

(a) An illustration used in the sale of a life insurance policy must satisfy the applicable requirements of sections 61A.70 to 61A.745, be clearly labeled "life insurance illustration," and contain the following basic information:

(1) name of insurer;

(2) name and business address of producer or insurer's authorized representative, if any;

(3) name, age, and sex of proposed insured, except where a composite illustration is permitted under sections 61A.70 to 61A.745;

(4) underwriting or rating classification upon which the illustration is based;

(5) generic name of policy, the company product name, if different, and form number;

(6) initial death benefit; and

(7) dividend option election or application of nonguaranteed elements, if applicable.

(b) When using an illustration in the sale of a life insurance policy, an insurer or its producers or other authorized representatives shall not:

(1) represent the policy as anything other than a life insurance policy;

(2) use or describe nonguaranteed elements in a manner that is misleading or has the capacity or tendency to mislead;

(3) state or imply that the payment or amount of nonguaranteed elements is guaranteed;

(4) use an illustration that does not comply with the requirements of sections 61A.70 to 61A.745;

(5) use an illustration that at any policy duration depicts policy performance more favorable to the policy owner than that produced by the illustrated scale of the insurer whose policy is being illustrated;

(6) provide an applicant with an incomplete illustration;

(7) represent in any way that premium payments will not be required for each year of the policy in order to maintain the illustrated death benefits, unless that is the fact;

(8) use the term "vanish" or "vanishing premium," or a similar term that implies the policy becomes paid up, to describe a plan for using nonguaranteed elements to pay a portion of future premiums;

(9) except for policies that can never develop nonforfeiture values, use an illustration that is "lapse-supported";
or

(10) use an illustration that is not "self-supporting."

(c) If an interest rate used to determine the illustrated nonguaranteed elements is shown, it must not be greater than the earned interest rate underlying the disciplined current scale.

Sec. 10. **[61A.72] STANDARDS FOR BASIC ILLUSTRATIONS.**

Subdivision 1. **Format.** A basic illustration must conform with the following requirements:

(1) the illustration must be labeled with the date on which it was prepared;

(2) each page, including any explanatory notes or pages, must be numbered and show its relationship to the total number of pages in the illustration (e.g., the fourth page of a seven-page illustration must be labeled "page 4 of 7 pages");

(3) the assumed dates of payment receipt and benefit payout within a policy year must be clearly identified;

(4) if the age of the proposed insured is shown as a component of the tabular detail, it must be issue age plus the number of years the policy is assumed to have been in force;

(5) the assumed payments on which the illustrated benefits and values are based must be identified as premium outlay or contract premium, as applicable. For policies that do not require a specific contract premium, the illustrated payments must be identified as premium outlay;

(6) guaranteed death benefits and values available upon surrender, if any, for the illustrated premium outlay or contract premium must be shown and clearly labeled guaranteed;

(7) if the illustration shows any nonguaranteed elements, they cannot be based on a scale more favorable to the policy owner than the insurer's illustrated scale at any duration. These elements must be clearly labeled nonguaranteed;

(8) the guaranteed elements, if any, must be shown before corresponding nonguaranteed elements and must be specifically referred to on any page of an illustration that shows or describes only the nonguaranteed elements (e.g., "see page one for guaranteed elements");

(9) the account or accumulation value of a policy, if shown, must be identified by the name this value is given in the policy being illustrated and shown in close proximity to the corresponding value available upon surrender;

(10) the value available upon surrender must be identified by the name this value is given in the policy being illustrated and must be the amount available to the policy owner in a lump sum after deduction of surrender charges, policy loans, and policy loan interest, as applicable;

(11) illustrations may show policy benefits and values in graphic or chart form in addition to the tabular form;

(12) any illustration of nonguaranteed elements shall be accompanied by a statement indicating that:

(i) the benefits and values are not guaranteed;

(ii) the assumptions on which they are based are subject to change by the insurer; and

(iii) actual results may be more or less favorable;

(13) if the illustration shows that the premium payer may have the option to allow policy charges to be paid using nonguaranteed values, the illustration must clearly disclose that a charge continues to be required and that, depending on actual results, the premium payer may need to continue or resume premium outlays. Similar disclosure must be made for premium outlay of lesser amounts or shorter durations than the contract premium. If a contract premium is due, the premium outlay display must not be left blank or show zero unless accompanied by an asterisk or similar mark to draw attention to the fact that the policy is not paid up; and

(14) if the applicant plans to use dividends or policy values, guaranteed or nonguaranteed, to pay all or a portion of the contract premium or policy charges, or for any other purpose, the illustration may reflect those plans and the impact on future policy benefits and values.

Subd. 2. **Narrative summary.** A basic illustration must include the following:

(1) a brief description of the policy being illustrated, including a statement that it is a life insurance policy;

(2) a brief description of the premium outlay or contract premium, as applicable, for the policy. For a policy that does not require payment of a specific contract premium, the illustration shall show the premium outlay that must be paid to guarantee coverage for the term of the contract, subject to maximum premiums allowable to qualify as a life insurance policy under the applicable provisions of the Internal Revenue Code;

(3) a brief description of any policy features, riders, or options, guaranteed or nonguaranteed, shown in the basic illustration and the impact they may have on the benefits and values of the policy;

(4) identification and a brief definition of column headings and key terms used in the illustration; and

(5) a statement containing in substance the following: "This illustration assumes that the currently illustrated nonguaranteed elements will continue unchanged for all years shown. This is not likely to occur, and actual results may be more or less favorable than those shown."

Subd. 3. **Numeric summary.** (a) Following the narrative summary, a basic illustration must include a numeric summary of the death benefits and values and the premium outlay and contract premium, as applicable. For a policy that provides for a contract premium, the guaranteed death benefits and values must be based on the contract premium. This summary must be shown for at least policy years five, ten, and 20 and at age 70, if applicable, on the three bases shown in clauses (1) to (3). For multiple life policies the summary must show policy years five, ten, 20, and 30:

(1) policy guarantees;

(2) insurer's illustrated scale; and

(3) insurer's illustrated scale used but with the nonguaranteed elements reduced as follows:

(i) dividends at 50 percent of the dividends contained in the illustrated scale used;

(ii) nonguaranteed credited interest at rates that are the average of the guaranteed rates and the rates contained in the illustrated scale used; and

(iii) all nonguaranteed charges, including but not limited to term insurance charges, mortality, and expense charges at rates that are the average of the guaranteed rates and the rates contained in the illustrated scale used.

(b) In addition, if coverage would cease prior to policy maturity or age 100, the year in which coverage ceases must be identified for each of the three bases.

Subd. 4. **Statements.** (a) Statements substantially similar to paragraphs (b) and (c) must be included on the same page as the numeric summary and signed by the applicant or the policy owner in the case of an illustration provided at time of delivery, as required in sections 61A.70 to 61A.745.

(b) A statement to be signed and dated by the applicant or policy owner reading as follows: "I have received a copy of this illustration and understand that any nonguaranteed elements illustrated are subject to change and could be either higher or lower. The agent has told me they are not guaranteed."

(c) A statement to be signed and dated by the insurance producer or other authorized representative of the insurer reading as follows: "I certify that this illustration has been presented to the applicant and that I have explained that any nonguaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with the illustration."

Subd. 5. **Tabular detail.** (a) A basic illustration must include the following for at least each policy year from one to ten and for every fifth policy year thereafter ending at age 100, policy maturity or final expiration; and except for term insurance beyond the 20th year, for any year in which the premium outlay and contract premium, if applicable, is subject to change:

- (1) the premium outlay and mode the applicant plans to pay and the contract premium, as applicable;
- (2) the corresponding guaranteed death benefit, as provided in the policy; and
- (3) the corresponding guaranteed value available upon surrender, as provided in the policy.

(b) For a policy that provides for a contract premium, the guaranteed death benefit and value available upon surrender must correspond to the contract premium.

(c) Nonguaranteed elements may be shown if described in the contract. In the case of an illustration for a policy on which the insurer intends to credit terminal dividends, they may be shown if the insurer's current practice is to pay terminal dividends. If any nonguaranteed elements are shown they must be down at the same durations as the corresponding guaranteed elements, if any. If no guaranteed benefit or value is available at any duration for which a nonguaranteed benefit or value is shown, a zero must be displayed in the guaranteed column.

Sec. 11. **[61A.725] STANDARDS FOR SUPPLEMENTAL ILLUSTRATIONS.**

(a) A supplemental illustration may be provided so long as:

(1) it is appended to, accompanied by, or preceded by a basic illustration that complies with sections 61A.70 to 61A.745;

(2) the nonguaranteed elements shown are not more favorable to the policy owner than the corresponding elements based on the scale used in the basic illustration.

(3) it contains the same statement required of a basic illustration that nonguaranteed elements are not guaranteed; and

(4) for a policy that has a contract premium, the contract premium underlying the supplemental illustration is equal to the contract premium shown in the basic illustration. For policies that do not require a contract premium, the premium outlay underlying the supplemental illustration must be equal to the premium outlay shown in the basic illustration.

(b) The supplemental illustration must include a notice referring to the basic illustration for guaranteed elements and other important information.

Sec. 12. **[61A.73] DELIVERY OF ILLUSTRATION AND RECORD RETENTION.**

(a)(1) If a basic illustration is used by an insurance producer or other authorized representative of the insurer in the sale of a life insurance policy and the policy is applied for as illustrated, a copy of that illustration, signed in accordance with sections 61A.70 to 61A.745, must be submitted to the insurer at the time of policy application. A copy also must be provided to the applicant.

(2) If the policy is issued other than as applied for, a revised basic illustration conforming to the policy as issued must be sent with the policy. The revised illustration must conform to the requirements of sections 61A.70 to 61A.745, must be labeled "Revised Illustration," and must be signed and dated by the applicant or policy owner and producer or other authorized representative of the insurer no later than the time the policy is delivered. A copy must be provided to the insurer and the policy owner.

(b)(1) If no illustration is used by an insurance producer or other authorized representative in the sale of a life insurance policy or if the policy is applied for other than as illustrated, the producer or representative shall certify to that effect in writing on a form provided by the insurer. On the same form the applicant shall acknowledge that no illustration conforming to the policy applied for was provided and shall further acknowledge an understanding that an illustration conforming to the policy as issued will be provided no later than at the time of policy delivery. This form shall be submitted to the insurer at the time of policy application.

(2) If the policy is issued, a basic illustration conforming to the policy as issued must be sent with the policy and signed no later than the time the policy is delivered. A copy must be provided to the insurer and the policy owner.

(c) If the basic illustration or revised illustration is sent to the applicant or policy owner by mail from the insurer, it must include instructions for the applicant or policy owner to sign the duplicate copy of the numeric summary page of the illustration for the policy issued and return the signed copy to the insurer. The insurer's obligation under this paragraph must be satisfied if it can demonstrate that it has made a diligent effort to secure a signed copy of the numeric summary page. The requirement to make a diligent effort must be deemed satisfied if the insurer includes in the mailing a self-addressed postage prepaid envelope with instructions for the return of the signed numeric summary page.

(d) A copy of the basic illustration and a revised basic illustration, if any, signed as applicable, along with any certification that either no illustration was used or that the policy was applied for other than as illustrated, must be retained by the insurer until three years after the policy is no longer in force. A copy need not be retained if no policy is issued.

Sec. 13. **[61A.735] ANNUAL REPORT; NOTICE TO POLICY OWNERS.**

(a) In the case of a policy designated as one for which illustrations will be used, the insurer shall provide each policy owner with an annual report on the status of the policy that must contain at least the information in this section.

(b) For universal life policies, the report must include the following:

(1) the beginning and end date of the current report period;

(2) the policy value at the end of the previous report period and at the end of the current report period;

(3) the total amounts that have been credited or debited to the policy value during the current report period, identifying each by type (e.g., interest, mortality, expense, and riders);

(4) the current death benefit at the end of the current report period on each life covered by the policy;

(5) the net cash surrender value of the policy as of the end of the current report period;

(6) the amount of outstanding loans, if any, as of the end of the current report period;

(7) for fixed premium policies, assuming guaranteed interest, mortality, and expense loads and continued scheduled premium payments, the policy's net cash surrender value is such that it would not maintain insurance in force until the end of the next reporting period, a notice to this effect must be included in the report; or

(8) for flexible premium policies, assuming guaranteed interest, mortality, and expense loads, the policy's net cash surrender value will not maintain insurance in force until the end of the next reporting period unless further premium payments are made, a notice to this effect must be included in the report.

(b) For all other policies, the report must include where applicable:

(1) current death benefit;

(2) annual contract premium;

(3) current cash surrender value;

(4) current dividend;

(5) application of current dividend; and

(6) amount of outstanding loan.

(c) Insurers writing life insurance policies that do not build nonforfeiture values shall only be required to provide an annual report with respect to these policies for those years when a change has been made to nonguaranteed policy elements by the insurer.

(d) If the annual report does not include an in-force illustration, it must contain the following notice displayed prominently: "IMPORTANT POLICY OWNER NOTICE: You should consider requesting more detailed information about your policy to understand how it may perform in the future. You should not consider replacement of your policy or make changes in your coverage without requesting a current illustration. You may annually request, without charge, such an illustration by calling [insurer's phone number], writing to [insurer's name] at [insurer's address] or contacting your agent. If you do not receive a current illustration of your policy within 30 days from your request, you should contact your state insurance department." The insurer may vary the sequential order of the methods for obtaining an in-force illustration.

(e) Upon request of the policy owner, the insurer shall furnish an in-force illustration of current and future benefits and values based on the insurer's present illustrated scale. This illustration must comply with the requirements of sections 61A.715, paragraphs (a) and (b), and 61A.72, subdivisions 1 and 5. No signature or other acknowledgment of receipt of this illustration must be required.

(f) If an adverse change in nonguaranteed elements that could affect the policy has been made by the insurer since the last annual report, the annual report must contain a notice of that fact and the nature of the change prominently displayed.

Sec. 14. **[61A.74] ANNUAL CERTIFICATIONS.**

(a) The board of directors of each insurer shall appoint one or more illustration actuaries.

(b) The illustration actuary shall certify that the disciplined current scale used in illustrations is in conformity with the Actuarial Standard of Practice for Compliance with the NAIC Model Regulation on Life Insurance Illustrations promulgated by the Actuarial Standards Board, and that the illustrated scales used in insurer-authorized illustrations meet the requirements of sections 61A.70 to 61A.745.

(c) The illustration actuary shall:

(1) be a member in good standing of the American Academy of Actuaries;

(2) be familiar with the standard of practice regarding life insurance policy illustrations;

(3) not have been found by the commissioner, following appropriate notice and hearing to have:

(i) violated any provision of, or any obligation imposed by, the insurance law or other law in the course of the actuary's dealings as an illustration actuary;

(ii) been found guilty of fraudulent or dishonest practices;

(iii) demonstrated the actuary's incompetence, lack of cooperation, or untrustworthiness to act as an illustration actuary; or

(iv) resigned or been removed as an illustration actuary within the past five years as a result of acts or omissions indicated in any adverse report on examination or as a result of a failure to adhere to generally acceptable actuarial standards;

(4) not fail to notify the commissioner of any action taken by a commissioner of another state similar to that under clause (3);

(5) disclose in the annual certification whether, since the last certification, a currently payable scale applicable for business issued within the previous five years and within the scope of the certification has been reduced for reasons other than changes in the experience factors underlying the disciplined current scale. If nonguaranteed elements illustrated for new policies are not consistent with those illustrated for similar in-force policies, this must be disclosed in the annual certification. If nonguaranteed elements illustrated for both new and in-force policies are not consistent with the nonguaranteed elements actually being paid, charged, or credited to the same or similar forms, this must be disclosed in the annual certification; and

(6) disclose in the annual certification the method used to allocate overhead expenses for all illustrations:

(i) fully allocated expenses;

(ii) marginal expenses; or

(iii) a generally recognized expense table based on fully allocated expenses representing a significant portion of insurance companies and approved by the National Association of Insurance Commissioners or by the commissioner.

(d)(1) The illustration actuary shall file a certification with the board and with the commissioner:

(i) annually for all policy forms for which illustrations are used; and

(ii) before a new policy form is illustrated.

(2) If an error in a previous certification is discovered, the illustration actuary shall notify the board of directors of the insurer and the commissioner promptly.

(e) If an illustration actuary is unable to certify the scale for any policy form illustration the insurer intends to use, the actuary shall notify the board of directors of the insurer and the commissioner promptly of the actuary's inability to certify.

(f) A responsible officer of the insurer, other than the illustration actuary, shall certify annually:

(1) that the illustration formats meet the requirements of sections 61A.70 to 61A.745 and that the scales used in insurer-authorized illustrations are those scales certified by the illustration actuary; and

(2) that the company has provided its agents with information about the expense allocation method used by the company in its illustrations and disclosed as required in paragraph (c), clause (6).

(g) The annual certifications must be provided to the commissioner each year by a date determined by the insurer.

(h) If an insurer changes the illustration actuary responsible for all or a portion of the company's policy forms, the insurer shall notify the commissioner of that fact promptly and disclose the reason for the change.

Sec. 15. **[61A.745] PENALTIES.**

In addition to any other penalties provided by the laws of this state, an insurer or producer that violates a requirement of sections 61A.70 to 61A.745 is guilty of a violation of section 72A.20.

Sec. 16. Minnesota Statutes 2006, section 62E.12, is amended to read:

62E.12 MINIMUM BENEFITS OF COMPREHENSIVE HEALTH INSURANCE PLAN.

(a) The association through its comprehensive health insurance plan shall offer policies which provide the benefits of a number one qualified plan and a number two qualified plan, except that the maximum lifetime benefit on these plans shall be ~~\$2,800,000~~ \$5,000,000; and an extended basic Medicare supplement plan and a basic Medicare supplement plan as described in sections 62A.3099 to 62A.44. The association may also offer a plan that is identical to a number one and number two qualified plan except that it has a \$2,000 annual deductible and a ~~\$2,800,000~~ \$5,000,000 maximum lifetime benefit. The association, subject to the approval of the commissioner, may also offer plans that are identical to the number one or number two qualified plan, except that they have annual deductibles of \$5,000 and \$10,000, respectively; have limitations on total annual out-of-pocket expenses equal to those annual deductibles and therefore cover 100 percent of the allowable cost of covered services in excess of those annual deductibles; and have a ~~\$2,800,000~~ \$5,000,000 maximum lifetime benefit. The association, subject to approval of the commissioner, may also offer plans that meet all other requirements of state law except those that are inconsistent with high deductible health plans as defined in sections 220 and 223 of the Internal Revenue Code and supporting regulations. As of January 1, 2006, the association shall no longer be required to offer an extended basic Medicare supplement plan.

(b) The requirement that a policy issued by the association must be a qualified plan is satisfied if the association contracts with a preferred provider network and the level of benefits for services provided within the network satisfies the requirements of a qualified plan. If the association uses a preferred provider network, payments to nonparticipating providers must meet the minimum requirements of section 72A.20, subdivision 15.

(c) The association shall offer health maintenance organization contracts in those areas of the state where a health maintenance organization has agreed to make the coverage available and has been selected as a writing carrier.

(d) Notwithstanding the provisions of section 62E.06 and unless those charges are billed by a provider that is part of the association's preferred provider network, the state plan shall exclude coverage of services of a private duty nurse other than on an inpatient basis and any charges for treatment in a hospital located outside of the state of Minnesota in which the covered person is receiving treatment for a mental or nervous disorder, unless similar treatment for the mental or nervous disorder is medically necessary, unavailable in Minnesota and provided upon referral by a licensed Minnesota medical practitioner.

Sec. 17. Minnesota Statutes 2006, section 62S.23, subdivision 1, is amended to read:

Subdivision 1. **Inflation protection feature.** (a) No insurer may offer a long-term care insurance policy unless the insurer also offers to the policyholder, in addition to any other inflation protection, the option to purchase a policy that provides for benefit levels to increase with benefit maximums or reasonable durations which are meaningful to account for reasonably anticipated increases in the costs of long-term care services covered by the policy. In addition to other options that may be offered, insurers must offer to each policyholder, at the time of purchase, the option to purchase a policy with an inflation protection feature no less favorable than one of the following:

(1) increases benefit levels annually in a manner so that the increases are compounded annually at a rate not less than five percent;

(2) guarantees the insured individual the right to periodically increase benefit levels without providing evidence of insurability or health status so long as the option for the previous period has not been declined. The amount of the additional benefit shall be no less than the difference between the existing policy benefit and that benefit compounded annually at a rate of at least five percent for the period beginning with the purchase of the existing benefit and extending until the year in which the offer is made; or

(3) covers a specified percentage of actual or reasonable charges and does not include a maximum specified indemnity amount or limit.

(b) A long-term care partnership policy must provide the inflation protection described in this subdivision. If the policy is sold to an individual who:

(1) has not attained age 61 as of the date of purchase, the policy must provide compound annual inflation protection;

(2) has attained age 61, but has not attained age 76 as of such date, the policy must provide some level of inflation protection; and

(3) has attained the age of 76 as of such date, the policy may, but is not required to, provide some level of inflation protection.

Sec. 18. Minnesota Statutes 2006, section 65B.17, is amended by adding a subdivision to read:

Subd. 2a. **Authorization to nonrenew.** An insurer withdrawing from the market by nonrenewing a line of business must notify the commissioner in writing at least 90 days before termination of any policy is effective. The notice must contain the effective date of the withdrawal plan, the number of policies affected, the reason for the withdrawal, and the availability of coverage in the market.

Sec. 19. Minnesota Statutes 2006, section 72A.52, subdivision 1, is amended to read:

Subdivision 1. **Contents.** In addition to all other legal requirements a policy or contract of insurance described in section 72A.51 shall show the name and address of the insurer and the seller of the policy or contract and shall state, clearly and conspicuously in boldface type of a minimum size of ten points, a right to cancel notice in which shall include the following form or its equivalent: "RIGHT TO CANCEL. You may cancel this policy by delivering or mailing a written notice or sending a telegram to (insert name and mailing address of the insurer or the seller of the policy or contract) and by returning the policy or contract before midnight of the tenth day after the date you receive the policy. Notice given by mail and return of the policy or contract by mail are effective on being postmarked, properly addressed and postage prepaid. The insurer must return all payments made for this policy within ten days after it receives notice of cancellation and the returned policy."

- (1) a minimum of ten days beginning on the date the policy is received by the owner;
- (2) a minimum of 30 days beginning on the date the policy is received by the owner if the policy is a replacement policy;
- (3) a requirement for the return of the policy to the company or an agent of the company;
- (4) a statement that the policy is considered void from the beginning and the parties shall be in the same position as if no policy had been issued; and
- (5) a refund of all premiums paid, including any fees or charges, if the policy is returned.

For variable annuity contracts issued pursuant to sections 61A.13 to 61A.21, this notice shall be suitably modified so as to notify the purchaser that the purchaser is entitled to a refund of the amount calculated in accordance with the provisions of section 72A.51, subdivision 3.

Sec. 20. Minnesota Statutes 2006, section 72B.02, subdivision 7, is amended to read:

Subd. 7. **Staff adjuster.** "Staff adjuster" means an adjuster who is a salaried employee of an insurance company or an affiliate of an insurance company and who is engaged in adjusting insured losses solely for that company or other companies under common control or ownership.

Sec. 21. **REPEALER.**

(a) Minnesota Statutes 2006, section 45.025, subdivisions 1, 2, 3, 4, 5, 6, 8, 9, and 10, are repealed.

(b) Minnesota Rules, parts 2790.1750; and 2790.1751, are repealed.

Sec. 22. **EFFECTIVE DATE; APPLICATION.**

Sections 5 to 14 and section 18 are effective January 1, 2008, and apply to policies issued on or after that date."

Delete the title and insert:

"A bill for an act relating to insurance; regulating continuation coverage for life insurance; regulating life policies with accelerated benefits; authorizing the use of certain mortality tables to calculate reserves for certain life policies; regulating life insurance policy illustrations and interest rate disclosures; requiring auto insurers to notify the commissioner of decision to withdraw from the market; regulating certain notices of cancellation and certain policy renewals; providing for inflation protection in long-term care partnership policies; providing minimum comprehensive health insurance plan benefits; modifying a definition; amending Minnesota Statutes 2006, sections 60A.351; 61A.072; 61A.092, subdivision 6; 61A.25, subdivision 4; 62E.12; 62S.23, subdivision 1; 65B.17, by adding a subdivision; 72A.52, subdivision 1; 72B.02, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 61A; repealing Minnesota Statutes 2006, section 45.025, subdivisions 1, 2, 3, 4, 5, 6, 8, 9, 10; Minnesota Rules, parts 2790.1750; 2790.1751."

The motion prevailed and the amendment was adopted.

Atkins moved to amend S. F. No. 1581, the first engrossment, as amended, as follows:

Page 6, line 33, delete "The insurer may accrue" and insert "accruing"

Page 12, line 20, after "Table" insert "corresponding to the valuation table being used for that class"

Page 14, line 10, delete "function" and insert "illustration"

Page 14, line 13, delete "12" and insert "61A.74"

Page 15, line 33, delete "member" and insert "members"

Page 16, line 1, delete "this regulation" and insert "sections 61A.70 to 61A.745"

Page 20, line 21, delete "down" and insert "shown"

Page 22, line 21, after the semicolon insert "and"

Page 22, line 23, after the comma insert "if"

Page 22, line 27, after the comma insert "if"

Page 22, line 30, delete "(b)" and insert "(c)"

Page 23, line 2, delete "(c)" and insert "(d)"

Page 23, line 5, delete "(d)" and insert "(e)"

Page 23, line 15, delete "(e)" and insert "(f)"

Page 23, line 20, delete "(f)" and insert "(g)"

Page 26, after line 22, insert:

"EFFECTIVE DATE. This section is effective the day following final enactment and applies to policies existing, issued, or renewed, on or after that date."

Page 27, after line 14, insert:

"EFFECTIVE DATE. This section is effective the day following final enactment."

Page 28, line 7, delete "and"

Page 28, line 9, delete the period and insert "; and"

Page 28, after line 9, insert:

"(6) a statement that notice given by mail and return of the policy or contract by mail are effective on being postmarked, properly addressed, and postage prepaid."

Page 28, line 24, delete "5 to 14" and insert "6 to 15" and delete "18" and insert "21"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Davnie moved to amend S. F. No. 1581, the first engrossment, as amended, as follows:

Page 28, after line 18, insert:

"Sec. 21. Minnesota Statutes 2006, section 221.141, subdivision 1e, is amended to read:

Subd. 1e. **Insurer must be authorized.** A policy of insurance, bond, or other evidence of financial responsibility does not satisfy the requirements of this section unless:

(1) the insurer or surety furnishing the evidence of financial responsibility is authorized or registered by the Department of Commerce to issue the policies, bonds, or certificates in this state; or

(2) the insurer is a risk retention group registered under chapter 60E and the insured is a nonprofit organization that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1581, A bill for an act relating to insurance; regulating continuation coverage for life insurance; regulating accelerated benefits, enacting the National Association of Insurance Commissioners model regulation; authorizing the use of certain mortality tables to calculate reserves for certain life policies; regulating life insurance policy illustrations and interest rate disclosures; requiring auto insurers to notify the commissioner of decision to withdraw from the market; regulating certain notices of cancellation and certain policy renewals; modifying a definition; amending Minnesota Statutes 2006, sections 60A.351; 61A.072; 61A.092, subdivision 6; 61A.25, subdivision 4; 65B.17, by adding a subdivision; 72A.52, subdivision 1; 72B.02, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 61A; repealing Minnesota Statutes 2006, section 45.025, subdivisions 1, 2, 3, 4, 5, 6, 8, 9, 10; Minnesota Rules, parts 2790.1750; 2790.1751.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Anzelc	Benson	Bly	Brynaert	Carlson
Anderson, B.	Atkins	Berns	Brod	Buesgens	Clark
Anderson, S.	Beard	Bigham	Brown	Bunn	Cornish

Davnie	Greiling	Kahn	McFarlane	Peterson, N.	Thao
Dean	Gunther	Kalin	McNamara	Peterson, S.	Thissen
DeLaForest	Hackbarth	Knuth	Moe	Poppe	Tillberry
Demmer	Hamilton	Koenen	Morgan	Rukavina	Tschumper
Dettmer	Hansen	Kohls	Morrow	Ruth	Urdahl
Dill	Hausman	Kranz	Mullery	Ruud	Wagenius
Dittrich	Haws	Laine	Murphy, E.	Sailer	Walker
Dominguez	Heidgerken	Lanning	Murphy, M.	Scalze	Ward
Doty	Hilstrom	Lenczewski	Nelson	Seifert	Wardlow
Eastlund	Hilty	Lesch	Nornes	Sertich	Welti
Eken	Holberg	Liebling	Norton	Severson	Westrom
Emmer	Hoppe	Lieder	Olin	Shimanski	Winkler
Erhardt	Hornstein	Lillie	Olson	Simon	Wollschlager
Erickson	Hortman	Loeffler	Otremba	Simpson	Zellers
Faust	Hosch	Madore	Ozment	Slawik	Spk. Kelliher
Finstad	Howes	Magnus	Paulsen	Slocum	
Fritz	Huntley	Mahoney	Paymar	Smith	
Gardner	Jaros	Mariani	Pelowski	Solberg	
Garofalo	Johnson	Marquart	Peppin	Sviggum	
Gottwalt	Juhnke	Masin	Peterson, A.	Swails	

The bill was passed, as amended, and its title agreed to.

MOTIONS FOR RECONSIDERATION

Zellers moved that the vote whereby S. F. No. 241, as amended, was passed earlier today, be now reconsidered. The motion prevailed.

Zellers moved that the action whereby S. F. No. 241 was given its third reading, as amended, be now reconsidered. The motion prevailed.

Zellers moved that the vote whereby the Mullery et al amendment to S. F. No. 241, the third engrossment, was adopted be now reconsidered. The motion prevailed.

The Mullery, Zellers, Olin and Emmer amendment to S. F. No. 241, the third engrossment, was again reported to the House as follows:

Page 1, line 21, delete everything after the period

Page 1, delete lines 22 and 23

Page 2, delete section 4 and insert:

"Sec. 4. Minnesota Statutes 2006, section 541.051, is amended to read:

541.051 LIMITATION OF ACTION FOR DAMAGES BASED ON SERVICES OR CONSTRUCTION TO IMPROVE REAL PROPERTY.

Subdivision 1. **Limitation; service or construction of real property; improvements.** (a) Except where fraud is involved, no action by any person in contract, tort, or otherwise to recover damages for any injury to property, real or personal, or for bodily injury or wrongful death, arising out of the defective and unsafe condition of an improvement to real property, ~~nor any action for contribution or indemnity for damages sustained on account of the~~

~~injury~~, shall be brought against any person performing or furnishing the design, planning, supervision, materials, or observation of construction or construction of the improvement to real property or against the owner of the real property more than two years after discovery of the injury ~~or, in the case of an action for contribution or indemnity, accrual of the cause of action~~, nor; in any event shall such a cause of action accrue more than ten years after substantial completion of the construction. Date of substantial completion shall be determined by the date when construction is sufficiently completed so that the owner or the owner's representative can occupy or use the improvement for the intended purpose.

(b) Notwithstanding paragraph (a), an action for contribution or indemnity arising out of the defective and unsafe condition of an improvement to real property may be brought no later than two years after the cause of action for contribution or indemnity has accrued, regardless of whether it accrued before or after the ten-year period referenced in paragraph (a).

(c) For purposes of paragraph (a), a cause of action accrues upon discovery of the injury ~~or~~; provided, however, in the case of an action for contribution or indemnity under paragraph (b), upon a cause of action accrues upon the earlier of commencement of the action against the party seeking contribution or indemnity, or payment of a final judgment, arbitration award, or settlement arising out of the defective and unsafe condition.

~~(e)~~ (d) Nothing in this section shall apply to actions for damages resulting from negligence in the maintenance, operation or inspection of the real property improvement against the owner or other person in possession.

~~(d)~~ (e) The limitations prescribed in this section do not apply to the manufacturer or supplier of any equipment or machinery installed upon real property.

Subd. 2. **Action allowed; limitation.** Notwithstanding the provisions of subdivision 1, paragraph (a), in the case of ~~an~~ a cause of action which accrues during the ninth or tenth year after substantial completion of the construction, an action to recover damages may be brought within two years after the date on which the cause of action accrued, but in no event may such an action be brought more than 12 years after substantial completion of the construction. Nothing in this subdivision shall limit the time for bringing an action for contribution or indemnity.

Subd. 3. **Not construed.** Nothing in this section shall be construed as extending the period prescribed by the laws of this state for the bringing of any action.

Subd. 4. **Applicability.** For the purposes of actions based on breach of the statutory warranties set forth in section 327A.02, or to actions based on breach of an express written warranty, such actions shall be brought within two years of the discovery of the breach. In the case of an action under section 327A.05, which accrues during the ninth or tenth year after the warranty date, as defined in section 327A.01, subdivision 8, an action may be brought within two years of the discovery of the breach, but in no event may an action under section 327A.05 be brought more than 12 years after the effective warranty date. An action for contribution or indemnity arising out of actions described in this subdivision may be brought no later than two years after the earlier of commencement of the action against the party seeking contribution or indemnity, or payment of a final judgment, arbitration award, or settlement arising out of the breach.

EFFECTIVE DATE. This section is effective retroactively from June 30, 2006."

Page 4, line 16, before the period, insert "at the time of sale"

Page 5, line 13, before the period, insert "at the time of sale"

Page 8, line 1, after "interest" insert ", on the amount of the sale in excess of the homestead exemption,"

The motion prevailed and the amendment was adopted.

Zellers, Mullery and Davnie moved to amend S. F. No. 241, the third engrossment, as amended, as follows:

Page 1, line 17, after "application" insert "when the sale or exchange is triggered by an inquiry made in response to an application for credit"

The motion prevailed and the amendment was adopted.

S. F. No. 241, A bill for an act relating to commerce; prohibiting sale of certain information arising from a mortgage loan application; regulating homestead exemptions and the enforcement of judgments involving the sale of homestead property; providing limitations on actions for damages based on services or construction to improve real property; regulating the redemption of mortgaged lands by creditors; amending Minnesota Statutes 2006, sections 13C.01, by adding a subdivision; 510.02; 510.05; 541.051; 550.175, subdivisions 1, 4, by adding a subdivision; 550.18; 550.19; 550.22; 550.24; 580.24; proposing coding for new law in Minnesota Statutes, chapter 550.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hilstrom	Lieder	Ozment	Solberg
Anderson, B.	Dittrich	Hilty	Lillie	Paulsen	Sviggum
Anderson, S.	Dominguez	Holberg	Loeffler	Paymar	Swails
Anzenc	Doty	Hoppe	Madore	Pelowski	Thao
Atkins	Eastlund	Hornstein	Magnus	Peppin	Thissen
Beard	Eken	Hortman	Mahoney	Peterson, A.	Tillberry
Benson	Emmer	Hosch	Mariani	Peterson, N.	Tschumper
Berns	Erhardt	Howes	Marquart	Peterson, S.	Urdahl
Bigham	Erickson	Huntley	Masin	Poppe	Wagenius
Bly	Faust	Jaros	McFarlane	Rukavina	Walker
Brod	Finstad	Johnson	McNamara	Ruth	Ward
Brown	Fritz	Juhnke	Moe	Ruud	Wardlow
Brynaert	Gardner	Kahn	Morgan	Sailer	Welti
Buesgens	Garofalo	Kalin	Morrow	Scalze	Westrom
Bunn	Gottwalt	Knuth	Mullery	Seifert	Winkler
Carlson	Greiling	Koenen	Murphy, E.	Sertich	Wollschlager
Clark	Gunther	Kohls	Murphy, M.	Severson	Zellers
Cornish	Hackbarth	Kranz	Nelson	Shimanski	Spk. Kelliher
Davnie	Hamilton	Laine	Nornes	Simon	
Dean	Hansen	Lanning	Norton	Simpson	
DeLaForest	Hausman	Lenczewski	Olin	Slawik	
Demmer	Haws	Lesch	Olson	Slocum	
Dettmer	Heidgerken	Liebling	Otremba	Smith	

The bill was passed, as amended, and its title agreed to.

Sertich moved that the remaining bills on the Calendar for the Day be continued. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1048:

Hilty, Eken and Howes.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1302:

Hilstrom, Dominguez and Beard.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2226:

Hilty, Gardner and McFarlane.

MOTIONS AND RESOLUTIONS

DeLaForest moved that the name of Hansen be added as an author on H. F. No. 151. The motion prevailed.

Shimanski moved that his name be stricken as an author on H. F. No. 413. The motion prevailed.

Bly moved that the name of Sailer be added as an author on H. F. No. 660. The motion prevailed.

Atkins moved that the names of Tillberry and Sailer be added as authors on H. F. No. 1314. The motion prevailed.

Hortman moved that the name of Sailer be added as an author on H. F. No. 1316. The motion prevailed.

Huntley moved that the name of Sailer be added as an author on H. F. No. 1984. The motion prevailed.

Kranz moved that H. F. No. 1205, now on the General Register, be re-referred to the Committee on Ways and Means. The motion prevailed.

Atkins moved that H. F. No. 2389 be recalled from the Committee on Public Safety and Civil Justice and be re-referred to the Committee on Rules and Legislative Administration.

A roll call was requested and properly seconded.

The question was taken on the Atkins motion and the roll was called. There were 79 yeas and 52 nays as follows:

Those who voted in the affirmative were:

Anzelc	Bly	Carlson	Dill	Eken	Gardner
Atkins	Brown	Clark	Dominguez	Faust	Greiling
Bigham	Brynaert	Davnie	Doty	Fritz	Hansen

Hausman	Kahn	Mahoney	Olin	Simon	Walker
Haws	Kalin	Mariani	Paymar	Slawik	Ward
Hilstrom	Knuth	Marquart	Pelowski	Slocum	Welti
Hilty	Koenen	Masin	Peterson, A.	Smith	Winkler
Hornstein	Laine	Moe	Peterson, S.	Solberg	Wollschlager
Hortman	Lesch	Morgan	Poppe	Swails	Spk. Kelliher
Hosch	Liebling	Morrow	Rukavina	Thao	
Huntley	Lieder	Mullery	Ruud	Thissen	
Jaros	Lillie	Murphy, E.	Sailer	Tillberry	
Johnson	Loeffler	Nelson	Scalze	Tschumper	
Juhnke	Madore	Norton	Sertich	Wagenius	

Those who voted in the negative were:

Abeler	Cornish	Erickson	Hoppe	Olson	Shimanski
Anderson, B.	Dean	Finstad	Kohls	Otremba	Simpson
Anderson, S.	DeLaForest	Garofalo	Kranz	Ozment	Sviggum
Beard	Demmer	Gottwalt	Lanning	Paulsen	Urdahl
Benson	Dettmer	Gunther	Lenczewski	Peppin	Wardlow
Berns	Dittrich	Hackbarth	Magnus	Peterson, N.	Westrom
Brod	Eastlund	Hamilton	McFarlane	Ruth	Zellers
Buesgens	Emmer	Heidgerken	McNamara	Seifert	
Bunn	Erhardt	Holberg	Nornes	Severson	

The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1351:

Hornstein, Nelson, Madore, Hortman and Ruth.

ADJOURNMENT

Sertich moved that when the House adjourns today it adjourn until 9:30 a.m., Thursday, May 17, 2007. The motion prevailed.

Sertich moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 9:30 a.m., Thursday, May 17, 2007.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives